

Amend CSHB 1606 by striking all below the enacting clause and substituting the following:

ARTICLE 1. FUNCTIONS AND DUTIES OF TEXAS ETHICS COMMISSION

SECTION 1.01. Section 571.002, Government Code, is amended by adding Subdivision (2-a) to read as follows:

(2-a) "Executive director" means the executive director of the commission.

SECTION 1.02. Section 571.022, Government Code, is amended to read as follows:

Sec. 571.022. SUNSET PROVISION. The commission is subject to review under Chapter 325 (Texas Sunset Act), but is not abolished under that chapter. The commission shall be reviewed during the periods in which state agencies abolished in 2015 [~~2003~~] and every 12th year after that year are reviewed.

SECTION 1.03. Subchapter B, Chapter 571, Government Code, is amended by adding Sections 571.0231 and 571.0232 to read as follows:

Sec. 571.0231. RESTRICTION ON COMMISSION MEMBERSHIP. A person may not be a member of the commission if the person is required to register as a lobbyist under Chapter 305.

Sec. 571.0232. GROUNDS FOR REMOVAL. (a) It is a ground for removal from the commission that a member:

(1) does not have at the time of taking office the qualifications required by Section 24a, Article III, Texas Constitution;

(2) does not maintain during service on the commission the qualifications required by Section 24a, Article III, Texas Constitution;

(3) is ineligible for membership under Section 571.0231;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(5) is absent from more than half of the regularly scheduled commission meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the commission.

(b) The validity of an action of the commission is not affected by the fact that it is taken when a ground for removal of a commission member exists.

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the presiding officer of the commission of the potential ground. The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the executive director shall notify the next highest ranking officer of the commission, who shall then notify the governor and the attorney general that a potential ground for removal exists.

SECTION 1.04. Section 571.026(c), Government Code, is amended to read as follows:

(c) An ~~[Except as otherwise provided by this chapter, an]~~ action or recommendation of the commission requiring a vote of the commission is not valid unless:

(1) the action or recommendation is approved by a record ~~[the]~~ vote ~~[is]~~ taken at a meeting of the commission with a quorum present; and

(2) except as otherwise provided by this chapter, the action or recommendation receives an affirmative vote of a majority of the membership of the commission.

SECTION 1.05. Section 571.027(a), Government Code, is amended to read as follows:

(a) A member of the commission may not participate in a commission proceeding relating to any of the following actions if the member is the subject of the action:

- (1) a formal investigation by the commission;
- (2) a sworn complaint filed with the commission; or
- (3) a motion adopted by ~~[an affirmative record]~~ vote of ~~[at least six members of]~~ the commission.

SECTION 1.06. Subchapter B, Chapter 571, Government Code, is amended by adding Sections 571.0271 and 571.030-571.0303 to read as follows:

Sec. 571.0271. COMMISSION MEMBER TRAINING. (a) A person who is appointed to and qualifies for office as a member of the

commission may not vote, deliberate, or be counted as a member in attendance at a meeting of the commission until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

- (1) the legislation that created the commission;
- (2) the programs operated by the commission;
- (3) the role and functions of the commission;
- (4) the rules of the commission, with an emphasis on the rules that relate to disciplinary and investigatory authority;
- (5) the current budget for the commission;
- (6) the results of the most recent formal audit of the commission;
- (7) the requirements of:
  - (A) the open meetings law, Chapter 551;
  - (B) the public information law, Chapter 552;
  - (C) the administrative procedure law, Chapter 2001; and
  - (D) other laws relating to public officials, including conflict-of-interest laws; and
- (8) any applicable ethics policies adopted by the commission.

(c) A person appointed to the commission is entitled to reimbursement, as provided by the General Appropriations Act, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

Sec. 571.030. SEPARATION OF RESPONSIBILITIES. The commission shall develop and implement policies that clearly separate the policy-making responsibilities of the commission and the management responsibilities of the executive director and the staff of the commission.

Sec. 571.0301. INFORMATION TO MEMBERS AND EMPLOYEES. The executive director or the executive director's designee shall provide to members and employees of the commission, as often as necessary, information regarding the requirements for office or employment under this chapter, including information regarding a

person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

Sec. 571.0302. EQUAL EMPLOYMENT POLICY. (a) The executive director or the executive director's designee shall prepare and maintain a written policy statement that implements a program of equal employment opportunity to ensure that all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin.

(b) The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, training, and promotion of personnel, that show the intent of the commission to avoid the unlawful employment practices described by Chapter 21, Labor Code; and

(2) an analysis of the extent to which the composition of the commission's personnel is in accordance with state and federal law and a description of reasonable methods to achieve compliance with state and federal law.

(c) The policy statement must:

(1) be updated annually;

(2) be reviewed by the state Commission on Human Rights for compliance with Subsection (b)(1); and

(3) be filed with the governor's office.

Sec. 571.0303. TRAINING ON STATE EMPLOYEE INCENTIVE PROGRAM. The executive director or the executive director's designee shall provide to commission employees information and training on the benefits and methods of participation in the state employee incentive program.

SECTION 1.07. Section 571.033, Government Code, is renumbered as Section 571.0221, Government Code, and amended to read as follows:

Sec. 571.0221 [571.033]. DISCRIMINATION PROHIBITED. Appointments to the commission shall be made without regard to the [This chapter may not be applied to discriminate on the basis of] race, color, disability, sex, age, national origin, or religion of the appointees.

SECTION 1.08. Section 254.0361, Election Code, is

transferred to Subchapter C, Chapter 571, Government Code, is redesignated as Section 571.0671, Government Code, and is amended to read as follows:

Sec. 571.0671 [~~254.0361~~]. REQUIREMENTS FOR ELECTRONIC FILING SOFTWARE. (a) Computer software provided or approved by the commission for use under Section 254.036(b), Election Code, or Section 302.013 or 305.0064 must:

(1) use a standardized format for the entry of names, addresses, and zip codes;

(2) provide for secure and encoded transmission of data from the computer of a person filing a report to the computers used by the commission;

(3) be capable of being used by a person with basic computing skills [~~who uses a computer that uses a Windows operating system, Macintosh operating system, or another operating system that the commission determines is as popular as those systems for use with personal computers~~]; [and]

(4) provide confirmation to a person filing a report that the report was properly received; and

(5) permit a person using a computer to prepare a report or to retrieve information from a report to import information to the report from a variety of computer software applications that meet commission specifications for a standard file format or export information from the report to a variety of computer software applications that meet commission specifications for a standard file format without the need to reenter information.

(b) Before determining the specifications for computer software developed, purchased, or licensed for use under Section 254.036, Election Code, or Section 302.013 or 305.0064, the commission shall conduct at least one public hearing to discuss the specifications. For at least 10 days following the hearing, the commission shall accept public comments concerning the software specifications.

(c) The commission may provide software for use under Section 254.036(b), Election Code, or Section 302.013 or 305.0064 by making the software available on the Internet. If the commission makes the software available on the Internet, the commission is not

required to provide the software on computer diskettes, CD-ROMs, or other storage media without charge to persons required to file reports under that section, but may charge a fee for providing the software on storage media. A fee under this subsection may not exceed the cost to the commission of providing the software.

SECTION 1.09. Subchapter C, Chapter 571, Government Code, is amended by adding Section 571.0672 to read as follows:

Sec. 571.0672. PROPOSITION OF TECHNOLOGICAL SOLUTIONS. The commission shall develop and implement a policy requiring the executive director and commission employees to research and propose appropriate technological solutions to improve the commission's ability to perform its functions. The technological solutions must:

(1) ensure that the public is able to easily find information about the commission on the Internet;

(2) ensure that persons who want to use the commission's services are able to:

(A) interact with the commission through the Internet; and

(B) access any service that can be provided effectively through the Internet; and

(3) be cost-effective and developed through the commission's planning processes.

SECTION 1.10. Section 571.069, Government Code, is amended by amending Subsections (a) and (b) and adding Subsection (f) to read as follows:

(a) The commission shall ~~may~~ review for facial compliance randomly selected statements and reports ~~[a statement or report]~~ filed with the commission and may review any available documents. The commission shall ~~may~~ return for resubmission with corrections or additional documentation a statement or report that does not, in the opinion of the commission, comply with the law requiring the statement or report. A statement or report returned for resubmission is considered to have been filed on the date the statement or report was originally filed if:

(1) the statement or report is resubmitted to the commission not later than the seventh business day after the date

the person filing the statement or report receives the returned statement or report; and

(2) the resubmitted statement or report complies with law.

(b) The commission may by adopted motion initiate a preliminary review as provided by Section 571.124 or [an affirmative record vote of at least six commission members] perform a complete audit of a statement or report:

(1) if, before the 31st day after the date the statement or report was originally due, the executive director does not obtain from the person information that permits the executive director to determine that the statement or report complies with law;

(2) if a statement or report returned for resubmission is not resubmitted within the time prescribed by Subsection (a); or

(3) on an affirmative vote of at least six commission members that a statement or report resubmitted under Subsection (a), together with any corrections or additional documentation, does not, in the opinion of the commission, comply with the law requiring the statement or report [only at an informal or formal hearing].

(f) This section may not be construed as limiting or affecting the commission's authority to, on the filing of a motion or receipt of a sworn complaint, review or investigate the sufficiency of a statement or report.

SECTION 1.11. Section 571.073, Government Code, is amended to read as follows:

Sec. 571.073. REPORT. On or before December 31 of each even-numbered year, the commission shall report to the governor and legislature. The report must include:

(1) each advisory opinion issued by the commission under Subchapter D in the preceding two years;

(2) a summary of commission activities in the preceding two years, including:

(A) the number of sworn complaints filed with the commission;

(B) the number of sworn complaints dismissed for

noncompliance with statutory form requirements;

(C) the number of sworn complaints dismissed for lack of jurisdiction;

(D) the number of sworn complaints dismissed after a finding of no credible evidence of a violation;

(E) the number of sworn complaints dismissed after a finding of a lack of sufficient evidence to determine whether a violation within the jurisdiction of the commission has occurred;

(F) the number of sworn complaints resolved by the commission through an agreed order;

(G) the number of sworn complaints in which the commission issued an order finding a violation and the resulting penalties, if any; and

(H) the number and amount of civil penalties imposed for failure to timely file a statement or report, the number and amount of those civil penalties fully paid, the number and amount of those civil penalties partially paid, and the number and amount of those civil penalties no part of which has been paid, for each of the following category of statements and reports, listed separately:

(i) financial statements required to be filed under Chapter 572;

(ii) political contribution and expenditure reports required to be filed under Section 254.063, 254.093, 254.123, 254.153, or 254.157, Election Code;

(iii) political contribution and expenditure reports required to be filed under Section 254.064(b), 254.124(b), or 254.154(b), Election Code;

(iv) political contribution and expenditure reports required to be filed under Section 254.064(c), 254.124(c), or 254.154(c), Election Code;

(v) political contribution and expenditure reports required to be filed under Section 254.038 or 254.039, Election Code; and

(vi) political contribution and expenditure reports required to be filed under Section 254.0391,

Election Code; and

(3) recommendations for any necessary statutory changes.

SECTION 1.12. Subchapter C, Chapter 571, Government Code, is amended by adding Sections 571.078 and 571.079 to read as follows:

Sec. 571.078. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. (a) The commission shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008 for the adoption of commission rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes under the commission's jurisdiction.

(b) Subsection (a)(2) does not apply to a preliminary review or preliminary review hearing under Sections 571.124 through 571.126.

(c) The commission's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(d) The commission shall designate a trained person to:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the commission.

Sec. 571.079. POSTING INFORMATION RELATING TO UNPAID PENALTIES ON WEBSITE. (a) Not later than the 15th day after the date on which an application for a place on the general primary election ballot or for nomination by convention is required to be filed, the commission shall post on its Internet website:

(1) the name and address of each candidate for an

office specified by Section 252.005(1), Election Code, who has failed to pay a civil penalty imposed by the commission for failure to file with the commission a required report or statement under Chapter 254, Election Code, or Chapter 572; and

(2) for each candidate listed under Subdivision (1), the amount of the penalty imposed and the amount paid, if any.

(b) The commission shall remove from the commission's Internet website information posted under this section as soon as practicable after the candidate pays the civil penalty in full.

SECTION 1.13. Section 571.121(a), Government Code, is amended to read as follows:

(a) The commission may:

(1) hold hearings, on its own motion adopted by a [an affirmative record] vote of the [at least six] commission [members] or on a sworn complaint, and render decisions on complaints or reports of violations as provided by this chapter; and

(2) agree to the settlement of issues.

SECTION 1.14. Subchapter E, Chapter 571, Government Code, is amended by adding Sections 571.1211 and 571.1212 to read as follows:

Sec. 571.1211. DEFINITIONS. In this subchapter:

(1) "Campaign communication" and "political advertising" have the meanings assigned by Section 251.001, Election Code.

(2) "Category One violation" means a violation of a law within jurisdiction of the commission as to which it is generally not difficult to ascertain whether the violation occurred or did not occur, including:

(A) the failure by a person required to file a statement or report to:

(i) file the required statement or report in a manner that complies with applicable requirements; or

(ii) timely file the required statement or report;

(B) the failure by a person to timely pay the filing fee or file an affidavit of inability to pay the filing fee as required by Section 254.002, Election Code;

(C) a violation of Section 255.001, Election Code;

(D) a misrepresentation in political advertising or a campaign communication relating to the office held by a person in violation of Section 255.006, Election Code;

(E) a failure to include in any written political advertising intended to be seen from a road the right-of-way notice in violation of Section 255.007, Election Code; or

(F) a failure to timely respond to a written notice under Section 571.123(b).

(3) "Category Two violation" means a violation of a law within the jurisdiction of the commission that is not a Category One violation.

Sec. 571.1212. CATEGORIZATION OF VIOLATIONS. An allegation of a violation listed as a Category One violation shall be treated as a Category Two violation if the executive director at any time determines that:

(1) the allegation arises out of the same set of facts as those that give rise to an allegation of a Category Two violation, and the interests of justice or efficiency require resolution of the allegations together; or

(2) the facts and law related to a particular allegation or a defense to the allegation present a level of complexity that prevents resolution through the preliminary review procedures for Category One violations prescribed by Section 571.1242(a).

SECTION 1.15. Section 571.122(a), Government Code, is amended to read as follows:

(a) An individual may file with the commission a sworn complaint, on a form prescribed by the commission, alleging that a person subject to a law administered and enforced by the commission has violated a rule adopted by or a law administered and enforced by the commission. The commission shall make the complaint form available on the Internet.

SECTION 1.16. Section 571.123(b), Government Code, is amended to read as follows:

(b) Not later than the fifth [~~14th~~] business day after the

date a complaint is filed, the commission shall send written notice to the complainant and the respondent. The notice must state whether the complaint complies with the form requirements of Section 571.122.

SECTION 1.17. Sections 571.124(a)-(c), (e), and (f), Government Code, are amended to read as follows:

(a) The commission staff [~~promptly~~] shall promptly conduct a preliminary review on receipt of a written complaint that is in compliance with the form requirements of Section 571.122.

(b) On a motion adopted by an affirmative record vote of the [~~at least six~~] commission [~~members~~], the commission, without a sworn complaint, may initiate a preliminary review of the matter that is the subject of the motion.

(c) The executive director [~~commission by record vote~~] shall determine in writing whether the commission has jurisdiction over the violation of law alleged in a sworn complaint processed under Section 571.123.

(e) If the executive director [~~commission~~] determines that the commission has jurisdiction, the notice under Section 571.123(b) must include:

(1) a statement that the commission has jurisdiction over the violation of law alleged in the complaint;

(2) a statement of whether the complaint will be processed as a Category One violation or a Category Two violation, subject to reconsideration as provided for by Section 571.1212;

(3) the date by which the respondent is required to respond to the notice;

(4) a copy of the complaint and the rules of procedure of the commission;

(5) [~~(2)~~] a statement of the rights of the respondent;

(6) [~~(3)~~] a statement inviting the respondent to provide to the commission any information relevant to the complaint; and

(7) a statement that a failure to timely respond to the notice will be treated as a separate violation [~~(4) the date the commission will begin a preliminary review of the complaint~~].

(f) If the executive director [~~commission~~] determines that

the commission does not have jurisdiction over the violation alleged in the complaint, the executive director [~~commission~~] shall:

(1) dismiss the complaint; and

(2) not later than the fifth business day after the date of the dismissal, send to the complainant and the respondent written notice of the dismissal and the grounds for the dismissal.

SECTION 1.18. Subchapter E, Chapter 571, Government Code, is amended by adding Sections 571.1241-571.1244 to read as follows:

Sec. 571.1241. REVIEW OF EXECUTIVE DIRECTOR'S DETERMINATION OF NO JURISDICTION. (a) If the executive director determines that the commission does not have jurisdiction over the violation alleged in the complaint, the complainant may request that the commission review the determination. A request for review under this section must be filed not later than the 30th day after the date the complainant receives the executive director's determination.

(b) The commission may reverse the executive director's determination only on the affirmative vote of at least six members.

(c) Not later than the fifth business day after the date of the commission's determination under this section, the commission shall send written notice to the complainant and the respondent stating whether the commission has jurisdiction over the violation alleged in the complaint. If the commission determines that the commission has jurisdiction, the notice must include the items listed in Section 571.124(e).

Sec. 571.1242. PRELIMINARY REVIEW: RESPONSE BY RESPONDENT.

(a) If the alleged violation is a Category One violation:

(1) the respondent must respond to the notice required by Section 571.123(b) not later than the seventh business day after the date the respondent receives the notice; and

(2) if the matter is not resolved by agreement between the commission and the respondent before the 21st business day after the date the respondent receives the notice under Section 571.123(b), the commission shall set the matter for a preliminary review hearing to be held at the next commission meeting for which notice has not yet been posted.

(b) If the alleged violation is a Category Two violation:

(1) the respondent must respond to the notice required by Section 571.123(b) not later than the 20th business day after the date the respondent receives the notice under Section 571.123(b); and

(2) if the matter is not resolved by agreement between the commission and the respondent before the 61st business day after the date the respondent receives the notice under Section 571.123(b), the commission shall set the matter for a preliminary review hearing to be held at the next commission meeting for which notice has not yet been posted.

(c) A respondent's failure to timely respond as required by Subsection (a)(1) or (b)(1) is a Category One violation.

(d) The response required by Subsection (a) or (b) must include any challenge the respondent seeks to raise to the commission's exercise of jurisdiction. In addition, the respondent may:

(1) acknowledge the occurrence or commission of a violation;

(2) deny the allegations contained in the complaint and provide evidence supporting the denial; or

(3) agree to enter into an assurance of voluntary compliance or other agreed order, which may include an agreement to immediately cease and desist.

(e) If the commission sets the matter for a preliminary review hearing, the commission shall promptly send to the complainant and the respondent written notice of the date, time, and place of the preliminary review hearing.

Sec. 571.1243. PRELIMINARY REVIEW: WRITTEN QUESTIONS. During a preliminary review, the commission staff may submit to the complainant or respondent written questions reasonably intended to lead to the discovery of matters relevant to the investigation.

Sec. 571.1244. PRELIMINARY REVIEW AND PRELIMINARY REVIEW PROCEDURES. The commission shall adopt procedures for the conduct of preliminary reviews and preliminary review hearings. The procedures must include:

(1) a reasonable time for responding to questions

submitted by the commission and commission staff and subpoenas issued by the commission; and

(2) the tolling or extension of otherwise applicable deadlines where:

(A) the commission issues a subpoena and the commission's meeting schedule makes it impossible to both provide a reasonable time for response and to comply with the otherwise applicable deadlines; or

(B) the commission determines that, despite commission staff's diligence and the reasonable cooperation of the respondent, a matter is too complex to resolve within the otherwise applicable deadlines without compromising either the commission staff's investigation or the rights of the respondent.

SECTION 1.19. Section 571.125, Government Code, is amended to read as follows:

Sec. 571.125. PRELIMINARY REVIEW HEARING: PROCEDURE. (a) The commission shall conduct a preliminary review hearing if:

(1) following the preliminary review, the commission and the respondent cannot agree to the disposition of the complaint or motion; or

(2) the respondent in writing requests a hearing.

(b) The commission shall provide written notice to the complainant, if any, and the respondent of the date, time, and place the commission will conduct the preliminary review hearing.

(c) At or after the time the commission provides notice of a preliminary review hearing, the commission may submit to the complainant and the respondent written questions and require those questions to be answered under oath within a reasonable time.

(d) During a preliminary review hearing, the commission:

(1) may consider all submitted evidence related to the complaint or to the subject matter of a motion under Section 571.124(b);

(2) may review any documents or material related to the complaint or to the motion; and

(3) shall determine whether there is credible evidence that provides cause for the commission to conclude that a violation within the jurisdiction of the commission has occurred.

(e) [~~(b)~~] During a preliminary review hearing, the respondent may appear before the commission with the assistance of counsel, if desired by the respondent, and present any relevant evidence, including a written statement.

SECTION 1.20. The heading to Section 571.126, Government Code, is amended to read as follows:

Sec. 571.126. PRELIMINARY REVIEW HEARING: RESOLUTION.

SECTION 1.21. Sections 571.126(a), (b), and (d), Government Code, are amended to read as follows:

(a) As soon as practicable after the completion of a preliminary review hearing, the commission by [~~record~~] vote shall issue a decision stating:

(1) whether there is credible evidence for the commission to determine that a violation within the jurisdiction of the commission has occurred and whether the violation is technical or de minimis; or

(2) that there is insufficient evidence for the commission to determine whether a violation within the jurisdiction of the commission has occurred.

(b) If the commission determines that there is credible evidence for the commission to determine that a violation has occurred, the commission shall resolve and settle the complaint or motion to the extent possible. If the commission successfully resolves and settles the complaint or motion, not later than the fifth business day after the date of the final resolution of the complaint or motion, the commission shall send to the complainant, if any, and the respondent a copy of the decision stating the commission's determination and written notice of the resolution and the terms of the resolution. If the commission is unsuccessful in resolving and settling the complaint or motion, the commission [~~in its discretion~~] shall:

(1) order a formal [~~an informal~~] hearing to be held in accordance with Sections 571.129 through 571.132 [~~Section 571.127~~]; and

(2) not later than the fifth business day after the date of the decision, send to the complainant, if any, and the respondent:

- (A) a copy of the decision;
- (B) [and] written notice of the date, time, and place of the formal [~~informal~~] hearing;
- (C) a statement of the nature of the alleged violation;
- (D) a description of the evidence of the alleged violation;
- (E) a copy of the complaint or motion;
- (F) a copy of the commission's rules of procedure; and
- (G) a statement of the rights of the respondent.

(d) If the commission determines that there is insufficient credible evidence for the commission to determine that a violation within the jurisdiction of the commission has occurred, the commission may dismiss the complaint or motion or promptly conduct a formal [~~an informal~~] hearing under Sections 571.129 through 571.132 [~~Section 571.127~~]. Not later than the fifth business day after the date of the commission's determination under this subsection, the commission shall send to the complainant, if any, and the respondent a copy of the decision stating the commission's determination and written notice of the grounds for the determination.

SECTION 1.22. Section 571.129, Government Code, is amended to read as follows:

Sec. 571.129. FORMAL HEARING: STANDARD OF EVIDENCE. During a formal hearing, the commission shall determine by a preponderance of the [~~clear and convincing~~] evidence whether a violation within the jurisdiction of the commission has occurred.

SECTION 1.23. Sections 571.132(a) and (b), Government Code, are amended to read as follows:

(a) Not later than the 30th business day after the date the State Office of Administrative Hearings issues a proposal for decision [~~formal hearing is completed~~], the commission shall convene a meeting and by motion shall issue:

- (1) a final decision stating the resolution of the formal hearing; and
- (2) a written report stating in detail the

commission's findings of fact, conclusions of law, and recommendation of criminal referral or imposition of a civil penalty, if any.

(b) The motion must be adopted by ~~[record]~~ vote of the commission ~~[at least six members if the final decision is that a violation has occurred or by five members if the final decision is that a violation has not occurred]~~.

SECTION 1.24. Subchapter E, Chapter 571, Government Code, is amended by amending Sections 571.135 and 571.136 and adding Section 571.1351 to read as follows:

Sec. 571.135. PUBLIC INTEREST INFORMATION~~[, STATUS OF COMPLAINT]~~. (a) The commission shall develop plain-language materials as described by this section ~~[prepare information of public interest describing the functions of the commission and the procedures by which sworn or other complaints are filed with and resolved by the commission]~~. The commission shall distribute the materials ~~[make the information available]~~ to the public and appropriate state agencies.

(b) The materials must include:

(1) a description of:

(A) the commission's responsibilities;

(B) the types of conduct that constitute a violation of a law within the jurisdiction of the commission;

(C) the types of sanctions the commission may impose;

(D) the commission's policies and procedures relating to complaint investigation and resolution; and

(E) the duties of a person filing a complaint with the commission; and

(2) a diagram showing the basic steps in the commission's procedures relating to complaint investigation and resolution.

(c) The commission shall provide the materials described by this section to each complainant and respondent.

(d) The commission shall adopt a policy to effectively distribute materials as required by this section.

Sec. 571.1351. STATUS OF COMPLAINT. (a) ~~[(b)]~~ The

commission shall keep an information file about each sworn or other complaint filed with the commission. The file must include:

- (1) the name of the person who filed the complaint;
- (2) the date the complaint is received by the commission;
- (3) the subject matter of the complaint;
- (4) the name of each person contacted in relation to the complaint;
- (5) a summary of the results of the review or investigation of the complaint; and
- (6) an explanation of the reason the file was closed, if the commission closed the file without taking action other than to investigate the complaint.

(b) The commission shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the commission's policies and procedures relating to complaint investigation and resolution.

(c) In addition to the notice required by Sections 571.123 [571.124] through 571.132, the commission, at least quarterly [and] until final disposition of a complaint, shall notify the person who filed the complaint [complainant] and each person who is a subject of the complaint [the respondent], if any, of the status of the sworn or other complaint.

Sec. 571.136. EXTENSION OF DEADLINE. The commission may, on its own motion or on the reasonable request of a respondent, extend any deadline for action relating to a sworn complaint, motion, preliminary review[, informal] hearing, or formal hearing.

SECTION 1.25. Section 571.137, Government Code, is amended by amending Subsections (a) and (e) and adding Subsections (a-1)-(a-3) to read as follows:

(a) In connection with [~~an informal or~~] a formal hearing, the commission, as authorized by this chapter, may subpoena and examine witnesses and documents that directly relate to a sworn complaint.

(a-1) In connection with a preliminary review, the commission, for good cause and as authorized by this chapter, may subpoena documents and witnesses on application by the commission

staff and a motion adopted by a vote of at least six members of the commission, for the purpose of attempting to obtain from the documents or witnesses specifically identified information, if the commission reasonably believes that the specifically identified information:

(1) is likely to be determinative as to whether the subject of an investigation has violated a law within the jurisdiction of the commission;

(2) can be determined from the documents or is known by the witnesses; and

(3) is not reasonably available through a less intrusive means.

(a-2) The commission shall adopt procedures for the issuance of subpoenas under this section.

(a-3) A copy of a subpoena issued under this section [~~of the commission~~] must be delivered to the respondent.

(e) A subpoenaed witness who attends a commission hearing is entitled to the same mileage and per diem payments as a witness who appears before a grand jury. A person who provides subpoenaed documents to the commission is entitled to reimbursement from the commission for the person's reasonable cost of producing the documents.

SECTION 1.26. Section 571.138, Government Code, is amended to read as follows:

Sec. 571.138. STATUS OF COMPLAINANT. The complainant is not a party to a preliminary review, preliminary review[~~, informal~~] hearing, or formal hearing under this subchapter.

SECTION 1.27. Sections 571.139(a) and (b), Government Code, are amended to read as follows:

(a) Except as provided by Section 571.140(b), Chapter 552 does not apply to documents or any additional evidence relating to the processing, preliminary review, preliminary review[~~, informal~~] hearing, or resolution of a sworn complaint or motion.

(b) Chapter 551 does not apply to the processing, preliminary review, preliminary review[~~, informal~~] hearing, or resolution of a sworn complaint or motion, but does apply to a formal hearing held under Sections 571.129 through 571.131.

SECTION 1.28. Section 571.140, Government Code, is amended by amending Subsections (a)-(c) and adding Subsections (b-1), (e), and (f) to read as follows:

(a) Except as provided by Subsection (b) or (b-1) or by Section 571.171, proceedings at a preliminary review [~~or informal~~] hearing performed by the commission, a sworn complaint, and documents and any additional evidence relating to the processing, preliminary review, preliminary review[~~, informal~~] hearing, or resolution of a sworn complaint or motion are confidential and may not be disclosed unless entered into the record of a formal hearing or a judicial proceeding, except that a document or statement that was previously public information remains public information.

(b) An order issued by the commission after the completion of a preliminary review or [~~an informal~~] hearing determining that a violation other than a technical or de minimis violation has occurred is not confidential.

(b-1) A commission employee may, for the purpose of investigating a sworn complaint or motion, disclose to the complainant, the respondent, or a witness information that is otherwise confidential and relates to the sworn complaint if:

(1) the employee makes a good faith determination that the disclosure is necessary to conduct the investigation;

(2) the employee's determination under Subdivision (1) is objectively reasonable;

(3) the executive director authorizes the disclosure;  
and

(4) the employee discloses only the information necessary to conduct the investigation.

(c) A person commits an offense if the person discloses information made confidential by this section. An offense under this subsection is a Class C [~~A~~] misdemeanor.

(e) The commission shall terminate the employment of a commission employee who violates Subsection (a).

(f) A commission employee who discloses confidential information in compliance with Subsection (b-1) is not subject to Subsections (c), (d), and (e).

SECTION 1.29. Subchapter E, Chapter 571, Government Code,

is amended by adding Section 571.141 to read as follows:

Sec. 571.141. AVAILABILITY OF COMMISSION ORDERS ON INTERNET. (a) As soon as practicable following a preliminary review, preliminary review hearing, or formal hearing at which the commission determines that a person has committed a violation within the commission's jurisdiction, the commission shall make available on the Internet:

(1) a copy of the commission's order stating the determination; or

(2) a summary of the commission's order.

(b) This section does not apply to a determination of a violation that is technical or de minimis.

SECTION 1.30. Section 571.171, Government Code, is amended to read as follows:

Sec. 571.171. INITIATION AND REFERRAL. (a) On a motion adopted by an affirmative [~~record~~] vote of at least six commission members, the commission may initiate civil enforcement actions and refer matters to the appropriate prosecuting attorney for criminal prosecution.

(b) On receipt of a sworn complaint, if the executive director reasonably believes that the person who is the subject of the complaint has violated Chapter 36 or 39, Penal Code, the executive director may refer the matter to the appropriate prosecuting attorney for criminal prosecution.

(c) In making a referral to a prosecuting attorney under this section, the commission or executive director may disclose confidential information.

SECTION 1.31. Subchapter F, Chapter 571, Government Code, is amended by adding Section 571.1731 to read as follows:

Sec. 571.1731. WAIVER OR REDUCTION OF LATE FILING PENALTY.

(a) A person may request the waiver or reduction of a civil penalty under Section 305.033(b) or 572.033(b) of this code or Section 254.042(b), Election Code, by submitting an affidavit to the executive director that states the filer's reasons for requesting a waiver or reduction.

(b) The commission may waive or reduce a civil penalty if the commission finds that a waiver or reduction is in the public

interest and in the interest of justice. The commission shall consider the following before acting to waive or reduce a civil penalty:

(1) the facts and circumstances supporting the person's request for a waiver or reduction;

(2) the seriousness of the violation, including the nature, circumstances, consequences, extent, and gravity of the violation, and the amount of the penalty;

(3) any history of previous violations by the person;

(4) the demonstrated good faith of the person, including actions taken to rectify the consequences of the violation;

(5) the penalty necessary to deter future violations;  
and

(6) any other matter that justice may require.

(c) After hearing the waiver request, the commission may affirm, reduce, or waive the civil penalty.

SECTION 1.32. Sections 571.124(d), 571.127, and 571.128, Government Code, are repealed.

SECTION 1.33. Sections 571.0231 and 571.0271, Government Code, as added by this Act, do not affect the entitlement of a member of the Texas Ethics Commission serving on the commission immediately before September 1, 2003, to continue to serve and function as a member of the commission for the remainder of the member's term. Sections 571.0231 and 571.0271, Government Code, as added by this Act, apply only to a member appointed on or after September 1, 2003.

## ARTICLE 2. CAMPAIGN FINANCE AND POLITICAL ADVERTISING

SECTION 2.01. Section 251.001(16), Election Code, is amended to read as follows:

(16) "Political advertising" means a communication supporting or opposing a candidate for nomination or election to a public office or office of a political party, a political party, a public officer, or a measure that:

(A) in return for consideration, is published in a newspaper, magazine, or other periodical or is broadcast by radio or television; or

(B) appears:

(i) in a pamphlet, circular, flier, billboard or other sign, bumper sticker, or similar form of written communication; or

(ii) on an Internet website.

SECTION 2.02. Section 251.003, Election Code, is amended to read as follows:

Sec. 251.003. PROHIBITION OF DOCUMENT FILING FEE. Except as provided by Section 254.002, a [A] charge may not be made for filing a document required to be filed under this title.

SECTION 2.03. Chapter 252, Election Code, is amended by adding Section 252.0131 to read as follows:

Sec. 252.0131. TERMINATION OF CAMPAIGN TREASURER APPOINTMENT BY COMMISSION. (a) The commission by rule shall adopt a process by which the commission may terminate the campaign treasurer appointment of an inactive candidate or political committee that:

(1) is required to file a campaign treasurer appointment with the commission;

(2) has never filed or has ceased to file reports under Chapter 254;

(3) in the case of a candidate, has not been elected to an office specified by Section 252.005(1) or (5); and

(4) has not filed:

(A) a final report under Section 254.065 or 254.125; or

(B) a dissolution report under Section 254.126 or 254.159.

(b) Before the commission may terminate a campaign treasurer appointment, the commission must consider the proposed termination in a regularly scheduled open meeting.

(c) Rules adopted under this section must:

(1) define "inactive candidate or political committee" for purposes of terminating the candidate's or committee's campaign treasurer appointment; and

(2) require written notice to the affected candidate or committee of:

(A) the proposed termination of the candidate's or committee's campaign treasurer appointment;

(B) the date, time, and place of the meeting at which the commission will consider the proposed termination; and

(C) the effect of termination of the candidate's or committee's campaign treasurer appointment.

(d) The termination of a campaign treasurer appointment under this section takes effect on the 30th day after the date of the commission meeting at which the commission votes to terminate the appointment. Following that meeting, the commission shall promptly notify the affected candidate or political committee that the appointment has been terminated. The notice must state the effective date of the termination.

SECTION 2.04. The heading to Section 253.034, Election Code, is amended to read as follows:

Sec. 253.034. RESTRICTIONS ON CONTRIBUTIONS DURING AND FOLLOWING REGULAR LEGISLATIVE SESSION.

SECTION 2.05. Section 253.034(a), Election Code, is amended to read as follows:

(a) During the period beginning on the 30th day before the date a regular legislative session convenes and continuing through the 20th day after the date of final adjournment, a person may not knowingly make a political contribution to:

(1) a statewide officeholder;

(2) a member of the legislature; or

(3) a specific-purpose committee for supporting, opposing, or assisting a statewide officeholder or member of the legislature.

SECTION 2.06. The heading to Section 253.0341, Election Code, is amended to read as follows:

Sec. 253.0341. RESTRICTIONS ON CONTRIBUTIONS TO LEGISLATIVE CAUCUSES DURING AND FOLLOWING REGULAR LEGISLATIVE SESSION.

SECTION 2.07. Section 253.0341(a), Election Code, is amended to read as follows:

(a) During the period beginning on the 30th day before the date a regular legislative session convenes and continuing through

the 20th day after the date of final adjournment, a person not a member of the caucus may not knowingly make a contribution to a legislative caucus.

SECTION 2.08. The heading to Subchapter A, Chapter 254, Election Code, is amended to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS; RECORDKEEPING

SECTION 2.09. Subchapter A, Chapter 254, Election Code, is amended by adding Section 254.002 to read as follows:

Sec. 254.002. ANNUAL FILING FEE. (a) As provided by this section, each candidate, officeholder, political committee, former candidate, or former officeholder who is required to file reports under this chapter with the commission shall:

(1) pay to the commission an annual filing fee of \$100;  
or

(2) file with the commission an affidavit of inability to pay the filing fee.

(b) Not later than January 15, a candidate, officeholder, political committee, former candidate, or former officeholder who is required to file a report under Section 254.063(c), 254.093(c), 254.123(c), 254.153(c), or 254.202 for the preceding calendar year shall pay the filing fee or file the affidavit of inability to pay the filing fee.

(c) If a candidate, officeholder, or political committee becomes subject to the reporting requirements of this chapter after January 1, the person shall pay the filing fee or file the affidavit of inability to pay the filing fee.

(d) For purposes of Subsection (c), a report that is filed by electronic transfer to the commission is considered to be accompanied by the filing fee or affidavit of inability to pay the filing fee if, not later than the applicable deadline for the statement or report:

(1) the fee or affidavit is sent by first class United States mail or common or contract carrier;

(2) the envelope containing the fee or affidavit is properly addressed with postage or handling charges prepaid; and

(3) the envelope bears a post office cancellation mark or a receipt mark of a common or contract carrier indicating a time

before the deadline or the person required to file the statement or report furnishes satisfactory proof that the envelope was deposited in the mail or with a common or contract carrier before the deadline.

(e) The use of funds derived from a political contribution to pay a filing fee under this section is not a violation of Section 253.035.

SECTION 2.10. Subchapter B, Chapter 254, Election Code, is amended by adding Section 254.0312 to read as follows:

Sec. 254.0312. BEST EFFORTS. (a) A person required to file a report under this chapter is considered to have used best efforts to obtain, maintain, and report the information required by Section 254.0612 if the person or the person's campaign treasurer complies with this section.

(b) Each written solicitation for political contributions from an individual must include:

(1) a clear request for the individual's full name and address, the individual's principal occupation or job title, and the full name of the individual's employer; and

(2) an accurate statement of state law regarding the collection and reporting of individual contributor information, such as:

(A) "State law requires (certain candidates, officeholders, or political committees, as applicable) to use best efforts to collect and report the full name and address, principal occupation or job title, and full name of employer of individuals whose contributions exceed \$1,000 in a reporting period."; or

(B) "To comply with state law, (certain candidates, officeholders, or political committees, as applicable) must use best efforts to obtain, maintain, and report the full name and address, principal occupation or job title, and full name of employer of individuals whose contributions exceed \$1,000 in a reporting period."

(c) For each political contribution received from an individual that, when aggregated with all other political contributions received from the individual during the reporting period, exceeds \$1,000 and for which the information required by

Section 254.0612 is not provided, the person must make at least one oral or written request for the missing information. A request under this subsection:

(1) must be made not later than the 30th day after the date the contribution is received;

(2) must include a clear and conspicuous statement that complies with Subsection (b);

(3) if made orally, must be documented in writing; and

(4) may not be made in conjunction with a solicitation for an additional political contribution.

(d) A person must report any information required by Section 254.0612 that is not provided by the individual making the political contribution and that the person has in the person's records of political contributions or previous reports under this chapter.

(e) A person who receives information required by Section 254.0612 after the filing deadline for the report on which the contribution is reported must include the missing information on the next report the person is required to file under this chapter.

SECTION 2.11. Section 254.035, Election Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) The amount of a political expenditure made by credit card is readily determinable by the person making the expenditure on the date the person receives the credit card statement that includes the expenditure.

(d) Subsection (c) does not apply to a political expenditure made by credit card during the period covered by a report required to be filed under Section 254.064(b) or (c), 254.124(b) or (c), or 254.154(b) or (c).

SECTION 2.12. Section 254.036, Election Code, is amended by amending Subsections (b) and (c) and adding Subsection (c-1) to read as follows:

(b) Except as provided by Subsection (c), [~~(d)~~] (e), or (f), [~~or (g)~~] each report filed under this chapter with the commission must be filed by computer diskette, modem, or other means of electronic transfer, using computer software provided by the commission or computer software that meets commission

specifications for a standard file format.

(c) A candidate, officeholder, or political committee that is required to file reports with the commission may file reports that comply with Subsection (a) if:

(1) the candidate, officeholder, or campaign treasurer of the committee files with the commission an affidavit stating that the candidate, officeholder, or committee, an agent of the candidate, officeholder, or committee, or a person with whom the candidate, officeholder, or committee contracts does not use computer equipment to keep the current records of political contributions, political expenditures, or persons making political contributions to the candidate, officeholder, or committee; and

(2) the candidate, officeholder, or committee does not, in a calendar year, accept political contributions that in the aggregate exceed \$50,000 or make political expenditures that in the aggregate exceed \$50,000.

(c-1) An affidavit under Subsection (c) [this subsection] must be filed with each report filed under Subsection (a). The affidavit must include a statement that the candidate, officeholder, or political committee understands that the candidate, officeholder, or committee shall file reports as required by Subsection (b) if:

(1) the candidate, officeholder, or committee, a consultant of the candidate, officeholder, or committee, or a person with whom the candidate, officeholder, or committee contracts uses computer equipment for a purpose described by this subsection; or

(2) the candidate, officeholder, or committee exceeds \$50,000 in political contributions or political expenditures in a calendar year~~[, the candidate, officeholder, or committee is required to file reports under Subsection (b)].~~

SECTION 2.13. Section 254.0401(a), Election Code, is amended to read as follows:

(a) The ~~[Except as provided by Subsection (b), the]~~ commission shall make each report filed with the commission under Section 254.036(b) available to the public on the Internet not later than the second business day after the date the report is

filed.

SECTION 2.14. Section 254.042(b), Election Code, is amended to read as follows:

(b) If a report other than a report under Section 254.064(c), 254.124(c), or 254.154(c) is determined to be late, the person required to file the report is [~~civilly~~] liable to the state for a civil penalty of \$500 [~~an amount determined by commission rule, but not to exceed \$100 for each day that the report is late~~]. If a report under Section 254.064(c), 254.124(c), or 254.154(c) is determined to be late, the person required to file the report is liable to the state for a civil penalty of \$500 for the first day the report is late and \$100 for each day thereafter that the report is late. If a report is more than 30 days late, the commission shall issue a warning of liability by registered mail to the person required to file the report. If the penalty is not paid before the 10th day after the date on which the warning is received, the person is liable for a civil penalty in an amount determined by commission rule, but not to exceed \$10,000.

SECTION 2.15. Subchapter C, Chapter 254, Election Code, is amended by adding Section 254.0612 to read as follows:

Sec. 254.0612. ADDITIONAL CONTENTS OF REPORTS BY CANDIDATE FOR STATEWIDE EXECUTIVE OFFICE OR LEGISLATIVE OFFICE. In addition to the contents required by Sections 254.031 and 254.061, each report by a candidate for a statewide office in the executive branch or a legislative office must include, for each individual from whom the person filing the report has accepted political contributions that in the aggregate exceed \$1,000 and that are accepted during the reporting period, the individual's principal occupation and job title and the full name of the individual's employer.

SECTION 2.16. Subchapter D, Chapter 254, Election Code, is amended by adding Section 254.0912 to read as follows:

Sec. 254.0912. ADDITIONAL CONTENTS OF REPORTS BY STATEWIDE EXECUTIVE OFFICEHOLDERS AND LEGISLATIVE OFFICEHOLDERS. In addition to the contents required by Sections 254.031 and 254.091, each report by a holder of a statewide office in the executive branch or a legislative office must include the contents prescribed by Section 254.0612.

SECTION 2.17. Subchapter E, Chapter 254, Election Code, is amended by adding Section 254.1212 to read as follows:

Sec. 254.1212. ADDITIONAL CONTENTS OF REPORTS OF COMMITTEE SUPPORTING OR OPPOSING CANDIDATE FOR STATEWIDE EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS OR ASSISTING STATEWIDE EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS. In addition to the contents required by Sections 254.031 and 254.121, each report by a specific-purpose committee for supporting or opposing a candidate for or assisting a holder of a statewide office in the executive branch or a legislative office must include the contents prescribed by Section 254.0612.

SECTION 2.18. Section 254.151, Election Code, is amended to read as follows:

Sec. 254.151. ADDITIONAL CONTENTS OF REPORTS. In addition to the contents required by Section 254.031, each report by a campaign treasurer of a general-purpose committee must include:

- (1) the committee's full name and address;
- (2) the full name, residence or business street address, and telephone number of the committee's campaign treasurer;
- (3) the identity and date of the election for which the report is filed, if applicable;
- (4) the name of each identified candidate or measure or classification by party of candidates supported or opposed by the committee, indicating whether the committee supports or opposes each listed candidate, measure, or classification by party of candidates;
- (5) the name of each identified officeholder or classification by party of officeholders assisted by the committee;
- (6) the principal occupation of each person from whom political contributions that in the aggregate exceed \$50 are accepted during the reporting period;
- (7) the amount of each political expenditure in the form of a political contribution made to a candidate, officeholder, or another political committee that is returned to the committee during the reporting period, the name of the person to whom the expenditure was originally made, and the date it is returned; ~~and~~

(8) on a separate page or pages of the report, the identification of any contribution from a corporation or labor organization made and accepted under Subchapter D, Chapter 253; and

(9) on a separate page or pages of the report, the identification of any expenditure made by a corporation or labor organization to:

(A) establish or administer the political committee; or

(B) finance the solicitation of political contributions to the committee under Section 253.100.

SECTION 2.19. Section 254.204(a), Election Code, is amended to read as follows:

(a) At the end of the six-year period prescribed by Section 254.203, the former officeholder or candidate shall remit any unexpended political contributions to one or more of the following:

(1) the political party with which the person was affiliated when the person's name last appeared on a ballot;

(2) a candidate or political committee;

(3) the comptroller [~~of public accounts~~] for deposit in the state treasury [~~State Treasury~~];

(4) one or more persons from whom political contributions were received, in accordance with Subsection (d);

(5) a recognized [~~tax-exempt,~~] charitable organization formed for educational, religious, or scientific purposes that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, and its subsequent amendments; or

(6) a public or private postsecondary educational institution or an institution of higher education as defined by Section 61.003(8), Education Code, solely for the purpose of assisting or creating a scholarship program.

SECTION 2.20. Section 255.001, Election Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) A person may not knowingly enter into a contract or other agreement to print, publish, display, or broadcast political advertising that does not indicate in the advertising:

(1) that it is political advertising;

(2) the full name of either the individual who personally entered into the contract or agreement with the printer, publisher, or broadcaster or the person that individual represents; and

(3) in the case of advertising that is printed or published, the address of either the individual who personally entered into the agreement with the printer or publisher or the person that individual represents.

(a-1) A person may not knowingly use, cause or permit to be used, or continue to use any printed, published, displayed, or broadcast political advertising that the person knows does not include the disclosure required by Subsection (a). A person is presumed to know that the use of political advertising is prohibited by this subsection if the commission notifies the person in writing that the use is prohibited. A person who learns that political advertising signs, as defined by Section 255.007, that have been distributed do not include the disclosure required by Subsection (a) or include a disclosure that does not comply with Subsection (a) does not commit a continuing violation of this subsection if the person makes a good faith attempt to remove or correct those signs. A person who learns that printed political advertising other than a political advertising sign that has been distributed does not include the disclosure required by Subsection (a) or includes a disclosure that does not comply with Subsection (a) is not required to attempt to recover the political advertising and does not commit a continuing violation of this subsection as to any previously distributed political advertising.

SECTION 2.21. The heading to Section 257.005, Election Code, is amended to read as follows:

Sec. 257.005. CANDIDATE FOR STATE OR COUNTY CHAIR [~~STATE CHAIRMAN~~] OF POLITICAL PARTY.

SECTION 2.22. Section 257.005(a), Election Code, is amended to read as follows:

(a) Except as provided by this section, the following are subject to the requirements of this title that apply to a candidate for public office:

(1) a [~~A~~] candidate for state chair of a political

party with a nominee on the ballot in the most recent gubernatorial general election; and

(2) a candidate for election to the office of county chair of a political party with a nominee on the ballot in the most recent gubernatorial general election if the county has a population of 350,000 or more [~~is subject to the requirements of this title that apply to a candidate for public office, except as provided by this section~~].

SECTION 2.23. Sections 253.100(d), 254.036(d) and (g), and 254.0401(b) and (c), Election Code, are repealed.

SECTION 2.24. (a) Section 254.002, Election Code, as added by this Act, applies beginning January 1, 2004.

(b) Section 254.036, Election Code, as amended by this Act, and Sections 254.0612, 254.0912, and 254.1212, Election Code, as added by this Act, apply only to a report required to be filed under Chapter 254, Election Code, on or after September 1, 2003. A report required to be filed under Chapter 254, Election Code, before September 1, 2003, is governed by the law in effect on the date the report was required to be filed, and the former law is continued in effect for that purpose.

(c) Section 254.042(b), Election Code, as amended by this Act, applies only to a civil penalty imposed for a late report under Chapter 254, Election Code, that is required to be filed on or after September 1, 2003. A civil penalty imposed for a late report under Chapter 254, Election Code, that is required to be filed before September 1, 2003, is governed by the law in effect on the date the report was required to be filed, and the former law is continued in effect for that purpose.

(d) Section 254.151, Election Code, as amended by this Act, applies to the reporting of an expenditure made on or after September 1, 2003. The reporting of an expenditure made before September 1, 2003, is governed by the law in effect at the time the expenditure was made.

(e) Section 255.001(a), Election Code, as amended by this Act, applies only to a contract to display political advertising that is entered into on or after September 1, 2003. A contract to display political advertising that is entered into before September

1, 2003, is governed by the law in effect on the date the contract is entered into, and the former law is continued in effect for that purpose.

(f) Section 255.001(a-1), Election Code, as added by this Act, applies only to the use of political advertising on or after September 1, 2003.

### ARTICLE 3. SPEAKER'S RACE

SECTION 3.01. Subchapter B, Chapter 302, Government Code, is amended by adding Section 302.0121 to read as follows:

Sec. 302.0121. DECLARATION OF SPEAKER CANDIDACY. (a) Each speaker candidate shall file a declaration of candidacy with the Texas Ethics Commission as provided by this section.

(b) A declaration of speaker candidacy must:

(1) be in writing;

(2) identify the legislative session as to which the candidacy relates; and

(3) include:

(A) the speaker candidate's name;

(B) the speaker candidate's residence or business street address; and

(C) the speaker candidate's telephone number.

(c) Except as provided by Subsection (e), a speaker candidate may not knowingly accept a contribution, loan, or promise of a contribution or loan in connection with the speaker candidacy or make or authorize a campaign expenditure at a time when a declaration of candidacy for the candidate is not in effect.

(d) A declaration of speaker candidacy terminates on the earlier of:

(1) the date the speaker candidate files a written statement with the Texas Ethics Commission stating that the candidate has terminated the candidacy; or

(2) the date a speaker is elected for the legislative session as to which the speaker candidate filed the statement.

(e) A former speaker candidate whose declaration of speaker candidacy is terminated under Subsection (d) may make a campaign expenditure in connection with a debt incurred during the period the former speaker candidate's declaration of candidacy was in

effect.

SECTION 3.02. Section 302.013, Government Code, is amended by amending Subsections (b) and (d) and adding Subsection (e) to read as follows:

(b) Each speaker candidate shall file the statement on:

(1) the first filing date after the date on which the speaker candidate files the declaration of candidacy required by Section 302.0121 [~~announcement or initiation of the candidacy~~];

(2) each filing date during the candidacy; and

(3) each filing date until all campaign loans have been repaid.

(d) Each speaker candidate shall file the statement by computer diskette, modem, or other means of electronic transfer, using computer software provided [~~on an official form designed~~] by the Texas Ethics Commission or computer software that meets commission specifications for a standard file format.

(e) The Texas Ethics Commission shall implement an electronic filing system under Subsection (d) not later than September 1, 2004. The commission by rule shall identify the date on which the requirement that a statement must be made as required by Subsection (d) takes effect and the first reporting period under Subsection (c) for which a statement must be made as required by Subsection (d). This subsection expires January 1, 2005.

SECTION 3.03. Section 302.015(b), Government Code, is amended to read as follows:

(b) A statement required to be filed on the day before a regular or called session convenes must actually be delivered and in the possession of the Texas Ethics Commission not later than 5 [4] p.m. of that day.

SECTION 3.04. Subchapter B, Chapter 302, Government Code, is amended by adding Sections 302.0191 and 302.0201 to read as follows:

Sec. 302.0191. CONTRIBUTIONS AND EXPENDITURES FROM POLITICAL CONTRIBUTIONS. A person, including a speaker candidate, may not make a contribution to a speaker candidate's campaign or an expenditure to aid or defeat a speaker candidate from:

(1) political contributions accepted under Title 15,

Election Code;

(2) interest earned on political contributions accepted under Title 15, Election Code; or

(3) an asset purchased with political contributions accepted under Title 15, Election Code.

Sec. 302.0201. DISPOSITION OF UNEXPENDED FUNDS; REPORT.

(a) A former speaker candidate may:

(1) use unexpended campaign funds to retire debt incurred in connection with the speaker candidacy; or

(2) remit unexpended campaign funds to one or more of the following:

(A) one or more persons from whom campaign funds were received, in accordance with Subsection (c); or

(B) a recognized charitable organization formed for educational, religious, or scientific purposes that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, and its subsequent amendments.

(b) A former speaker candidate may not retain contributions covered by this subchapter, assets purchased with the contributions, or interest and other income earned on the contributions for more than six years after the date the person ceases to be a speaker candidate or hold the office of speaker.

(c) The amount of campaign funds disposed of under Subsection (a)(2)(A) to one person may not exceed the aggregate amount accepted from that person in connection with the former speaker candidate's most recent campaign for election to the office of speaker.

(d) Not later than January 15 of each year, a former speaker candidate who retains unexpended campaign funds shall file a sworn report with the Texas Ethics Commission that includes:

(1) the full name and address of each person to whom a payment from unexpended campaign funds is made;

(2) the date and amount of each payment reported under Subdivision (1); and

(3) the information required by Section 302.014 as to any contribution, loan, or expenditure not previously reported on a statement filed under Section 302.013.

(e) A report filed under this section covers, as applicable:

(1) the period:

(A) beginning on the date after the last day of the period covered by the most recent statement filed by the former speaker candidate under Section 302.013; and

(B) ending on December 31 of the preceding year;

or

(2) the preceding calendar year.

(f) A former speaker candidate shall file the report on an official form designed by the Texas Ethics Commission. Sections 302.015 and 302.016 apply to a report filed under this section.

(g) For purposes of this section, a speaker candidate elected as speaker of the house of representatives is considered to be a former speaker candidate.

SECTION 3.05. Section 302.021, Government Code, is amended by amending Subsections (a) and (f) and adding Subsection (e-1) to read as follows:

(a) A speaker candidate or former speaker candidate commits an offense if the person [~~speaker candidate~~]:

(1) knowingly fails to file the declaration of candidacy required by Section 302.0121;

(2) knowingly [~~wilfully~~] fails to file the statement required by Section 302.013;

(3) knowingly accepts a contribution, loan, or promise of a contribution or loan in violation of Section 302.0121(c);

(4) [~~(2)~~] knowingly accepts [~~receives~~] a contribution, loan, or promise of a contribution or loan prohibited by Section 302.017 from a corporation, partnership, association, firm, union, foundation, committee, club, or other organization or group of persons; [~~or~~]

(5) knowingly accepts a contribution from a person who uses political contributions, interest earned on political contributions, or an asset purchased with political contributions to make the contribution in violation of Section 302.0191;

(6) [~~(3)~~] expends campaign funds for any purpose other than those enumerated in Section 302.020;

(7) knowingly retains contributions, assets purchased

with contributions, or interest or other income earned on contributions in violation of Section 302.0201(b); or

(8) knowingly fails to file the report of unexpended campaign funds as required by Section 302.0201(d).

(e-1) A person commits an offense if the person knowingly makes a contribution to a speaker candidate's campaign or an expenditure to aid or defeat a speaker candidate from political contributions, interest earned on political contributions, or an asset purchased with political contributions in violation of Section 302.0191.

(f) An offense under this section is a Class A misdemeanor [~~punishable by a fine of not less than \$500 nor more than \$5,000, by imprisonment for not more than one year, or by both~~].

SECTION 3.06. (a) Section 302.021, Government Code, as amended by this Act, applies only to an offense committed on or after September 1, 2003. For the purposes of this section, an offense is committed before September 1, 2003, if any element of the offense occurs before that date.

(b) An offense committed before September 1, 2003, is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose.

#### ARTICLE 4. LOBBYING

SECTION 4.01. The heading to Subchapter A, Chapter 305, Government Code, is amended to read as follows:

##### SUBCHAPTER A. GENERAL PROVISIONS; REGISTRATION

SECTION 4.02. Section 305.002, Government Code, is amended by adding Subdivisions (12) and (13) to read as follows:

(12) "Client" means a person or entity for which the registrant is registered or is required to be registered.

(13) "Person associated with the registrant" means a partner or other person professionally associated with the registrant through a common business entity, other than a client, that reimburses, retains, or employs the registrant.

SECTION 4.03. Section 305.003, Government Code, is amended by amending Subsection (b) and adding Subsections (b-1) and (b-2) to read as follows:

(b) Subsection (a)(2) requires a person to register if the

person, as part of his regular employment, has communicated directly with a member of the legislative or executive branch to influence legislation or administrative action on behalf of the person by whom he is compensated or reimbursed, whether or not the person receives any compensation for the communication in addition to the salary for that regular employment.

(b-1) [~~However,~~] Subsection (a)(2) does not require a member of the judicial, legislative, or executive branch of state government or an officer or employee of a political subdivision of the state to register. This subsection does not apply to an officer or employee of a quasi-governmental agency. For purposes of this subsection, "quasi-governmental agency" means a governmental agency, other than an institution of higher education as defined by Section 61.003, Education Code, that has as one of its primary purposes engaging in an activity that is normally engaged in by a nongovernmental agency, including:

(1) acting as a trade association; or

(2) competing in the public utility business with private entities.

(b-2) Subsection (a)(2) does not require an officer or an employee of a state agency that provides utility services under Section 35.102, Utilities Code, and Sections 31.401 and 52.133, Natural Resources Code, to register.

SECTION 4.04. Section 305.005, Government Code, is amended by amending Subsections (a), (c), and (k) and adding Subsection (f-1) to read as follows:

(a) Each person required to register under this chapter shall file a written registration [~~form~~] with the commission [~~on a form prescribed by the commission~~] and shall submit a registration fee.

(c) The registration fee and registration renewal fee are:

(1) \$100 for a registrant employed by an organization exempt from federal income tax under Section 501(c)(3) or 501(c)(4), Internal Revenue Code of 1986, and its subsequent amendments; or

(2) \$600 [~~\$300~~] for any other registrant.

(f-1) The registration must also contain an affirmative or

negative response as to whether the registrant works for, is employed by, is of counsel to, works as an independent contractor to, or otherwise receives compensation from, for the purpose of communicating directly with a member of the legislative or executive branch, an employer or other entity that employs or retains as an independent contractor a member or member-elect of the legislature, that has a member or member-elect who is designated of counsel, or from which a member or member-elect otherwise receives compensation. If the response is affirmative, the registration must contain the name of the employer or other entity with which the registrant has this relationship and the name of the member or member-elect.

(k) If there is a change in the information required to be reported by a registrant under this section, other than Subsection (f-1), (h), or (i), and that changed information is not timely reported on a report due under Section 305.007, the registrant shall file an amended statement reflecting the change with the commission not later than the date on which the next report is due under Section 305.007. If there is a change in the information required to be reported by a registrant under Subsection (f-1), the registrant shall file an amended statement reflecting the change with the commission not later than the fifth business day after the date on which the relationship that requires disclosure under Subsection (f-1) begins.

SECTION 4.05. Section 305.006(a), Government Code, is amended to read as follows:

(a) Each registrant shall file with the commission a written, verified report ~~[on a form prescribed by the commission]~~ concerning the activities described by this section.

SECTION 4.06. Subchapter A, Chapter 305, Government Code, is amended by adding Section 305.0064 to read as follows:

Sec. 305.0064. ELECTRONIC FILING OF REGISTRATIONS AND ACTIVITY REPORTS. (a) Except as provided by Subsection (b), each registration filed under Section 305.005 and each report filed under Section 305.006 must be filed by computer diskette, modem, or other means of electronic transfer, using computer software provided by the commission or computer software that meets

commission specifications for a standard file format.

(b) The commission shall adopt rules under which a registrant may file paper registrations or reports on forms prescribed by the commission. The rules must be designed to ensure that:

(1) use of the electronic filing system under Subsection (a) is maximized; and

(2) registrants may file paper registrations or reports for good cause only.

(c) The commission shall implement an electronic filing system under Subsection (a) not later than December 1, 2004. The commission by rule shall identify the date on which the requirement that a registration must be made as required by Subsection (a) takes effect and the first reporting period under Section 305.007 for which a report must be made as required by Subsection (a). This subsection expires January 1, 2005.

(d) A registration fee under Section 305.005(c)(1) or (2) for the calendar years 2004 and 2005 is increased by an amount determined by the commission as sufficient to generate additional revenue necessary to develop and implement an electronic filing system under Subsection (a). Additional revenue generated by a fee increase under this subsection may be used only to develop and implement the electronic filing system. The commission may impose a different increase for each fee under Section 305.005(c). This subsection expires January 1, 2006.

SECTION 4.07. Subchapter A, Chapter 305, Government Code, is amended by adding Sections 305.012 and 305.013 to read as follows:

Sec. 305.012. CONTINUING EDUCATION. (a) The commission by rule shall establish a continuing education program for registrants. The program must address issues involving lobbying, ethics, political contributions and expenditures, and other issues as determined by the commission.

(b) Rules adopted under this section:

(1) must prescribe the minimum number of hours of continuing education a registrant must complete during a calendar year, which may not be less than four hours;

(2) must provide for the commission to approve for credit any continuing education activity provided under the program;

(3) may permit a registrant who completes more than the minimum number of hours of continuing education in a calendar year to carry forward to the next year the excess hours of continuing education; and

(4) must require a registrant to report the registrant's compliance with the continuing education requirements as part of the registration renewal process under Section 305.005.

(c) A person registered under this chapter for a period of at least four months in a calendar year must comply with the minimum continuing education requirements. A registrant who does not comply with the minimum continuing education requirements is not eligible to renew the person's registration.

(d) The commission shall adopt a procedure to assess a registrant's participation in the continuing education program.

Sec. 305.013. POSTING ON INTERNET OF EMPLOYERS OF LOBBYISTS AND LEGISLATORS. (a) The commission shall post on the commission's Internet website a list of business entities with which a registrant and a member or member-elect of the legislature are associated, identifying for each entity:

(1) each registrant associated with the entity;

(2) the full name and address of each person identified by the registrant under Section 305.005(f)(3); and

(3) the member or member-elect of the legislature associated with the entity.

(b) For purposes of this section, a registrant or a member or member-elect of the legislature is associated with a business entity if the person:

(1) is an employee of the entity;

(2) is designated "of counsel" by the entity;

(3) works as an independent contractor for the entity;

or

(4) otherwise receives compensation from the entity.

SECTION 4.08. Sections 305.028(b), (c), and (f)-(h), Government Code, are amended to read as follows:

(b) Except as permitted by Subsection (c), a registrant may not represent a client [~~person~~] in communicating directly with a member of the legislative or executive branch to influence a legislative subject matter [~~legislation~~] or an administrative action if the representation of that client [~~person~~]:

(1) involves a substantially related matter in which that client's [~~person's~~] interests are materially and directly adverse to the interests of:

(A) another client of the registrant;

(B) an employer or concern employing the registrant; or

(C) another client of a [~~partner or other~~] person associated with the registrant; or

(2) reasonably appears to be [~~or potentially be~~] adversely limited by:

(A) the registrant's, the employer's or concern's, or the [~~partner's or~~] other associated person's responsibilities to another client [~~or to a third person~~]; or

(B) the registrant's, employer's or concern's own interests, or [~~partner's or~~] other associated person's own business interests.

(c) A registrant may represent a client in the circumstances described in Subsection [~~(a) or~~] (b) if:

(1) the registrant reasonably believes the representation of each client will not be materially affected;

(2) not later than the second business day after the date the registrant becomes aware of a [~~an actual or potential~~] conflict described by Subsection [~~(a) or~~] (b), the registrant provides written notice, in the manner required by the commission, to each affected [~~or potentially affected~~] client; and

(3) not later than the 10th day after the date the registrant becomes aware of a [~~an actual or potential~~] conflict described by Subsection [~~(a) or~~] (b), the registrant files with the commission a statement that:

(A) indicates [~~indicating~~] that there is a [~~an actual or potential~~] conflict;

(B) states [~~and~~] that the registrant has notified

each affected [~~or potentially affected~~] client as required by Subdivision (2); and

(C) states the name and address of each affected client.

(f) In each report filed with the commission, a registrant shall, under oath, affirm that the registrant has, to the best of the registrant's knowledge, complied with this section.

(g) The commission may receive complaints regarding a violation of this section. If the commission determines a violation of this section has occurred, the commission, after notice and hearing:

(1) shall [~~may~~] impose a civil [~~any~~] penalty in an amount not to exceed \$2,000 [~~that the commission may impose under another state law~~]; and

(2) may rescind the person's registration and may prohibit the person from registering with the commission for a period not to exceed two years from the date of the rescission of the person's registration.

(h) A penalty under this section is in addition to any other enforcement, criminal, or civil action that the commission or another person may take under this chapter or other law.

SECTION 4.09. Section 305.031(a), Government Code, is amended to read as follows:

(a) A person commits an offense if the person intentionally or knowingly violates a provision of this chapter other than Section 305.0011, 305.012, 305.022, or 305.028. An offense under this subsection is a Class A misdemeanor.

SECTION 4.10. Section 305.033(b), Government Code, is amended to read as follows:

(b) If a registration or report is determined to be late, the person responsible for the filing is liable to the state for payment of a civil penalty of \$500 [~~in an amount determined by commission rule, but not to exceed \$100 for each day that the registration or report is late~~].

SECTION 4.11. Sections 305.028(a) and 305.031(c), Government Code, are repealed.

SECTION 4.12. (a) Not later than November 1, 2003, the

Texas Ethics Commission shall adopt rules establishing a continuing education program for lobbyists as required by Section 305.012, Government Code, as added by this Act. The program applies beginning January 1, 2004.

(b) Sections 305.028 and 305.031, Government Code, as amended by this Act, apply only to an offense committed on or after September 1, 2003. For the purposes of this section, an offense is committed before September 1, 2003, if any element of the offense occurs before that date. An offense committed before September 1, 2003, is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose.

(c) Section 305.033(b), Government Code, as amended by this Act, applies only to a civil penalty imposed for a late registration or report under Chapter 305, Government Code, that is required to be filed on or after September 1, 2003. A civil penalty imposed for a late registration or report under Chapter 305, Government Code, that is required to be filed before September 1, 2003, is governed by the law in effect on the date the report was required to be filed, and the former law is continued in effect for that purpose.

ARTICLE 5. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF  
CONDUCT FOR STATE OFFICERS AND EMPLOYEES

SECTION 5.01. Section 572.021, Government Code, is amended to read as follows:

Sec. 572.021. FINANCIAL STATEMENT REQUIRED. A state officer, a partisan or independent candidate for an office as an elected officer, and a party chairman shall file with the commission a verified financial statement complying with Sections 572.022 through 572.0252 [~~572.025~~].

SECTION 5.02. Section 572.022(c), Government Code, is amended to read as follows:

(c) The individual filing the statement shall report a description of real property by reporting:

(1) the street address, if available, or the number of lots or number of acres, as applicable, in each county, and the name of the county, if the street address is not available; and

(2) the names of all persons retaining an interest in

the property, excluding an interest that is a severed mineral interest.

SECTION 5.03. Section 572.023, Government Code, is amended by amending Subsection (b) and adding Subsections (c) and (d) to read as follows:

(b) The account of financial activity consists of:

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

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

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

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

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

(6) identification by description of all beneficial interests in real property, whether held directly or in a trust or partnership, and business entities held or acquired, and if sold, the category of the amount of the net gain or loss realized from the sale;

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

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

(B) a political contribution that was reported as required by Chapter 254, Election Code [~~law~~]; and

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

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

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

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

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

(12) any corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association, excluding a publicly held corporation, in which both the individual [~~state officer~~] and a person registered under Chapter 305 have an interest;

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

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

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

(B) an identification of each asset placed in the trust;

(C) the date the trust was created;

(D) the name and address of the trustee; and

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

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

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

(c) For purposes of Subsections (b)(8) and (14), a blind trust is a trust as to which:

(1) the trustee:

(A) is a disinterested party;

(B) is not the individual or a person related to the individual within the first degree by consanguinity or affinity, as determined under Subchapter B, Chapter 573;

(C) is not a public officer or public employee;  
and

(D) was not appointed to public office by the individual or by a public officer or public employee the individual supervises;

(2) the trustee has complete discretion to manage the trust, including the power to dispose of and acquire trust assets without consulting or notifying the individual; and

(3) the trustee is required to notify the individual of the date of disposition and value at disposition of any original investments or interests in real property so that information can be reported on the individual's financial statement.

(d) If a blind trust under Subsection (c) is revoked while the individual is subject to this subchapter, or if the individual learns of any replacement assets of the trust, the individual must file an amendment to the individual's most recent financial statement, disclosing the date of revocation and the previously unreported value by category of each asset and the income derived from each asset. For purposes of this section, any replacement asset of which the individual learns is treated after the date the individual learns of the replacement as though it were an original asset of the trust.

SECTION 5.04. Subchapter B, Chapter 572, Government Code, is amended by adding Sections 572.0251 and 572.0252 to read as follows:

Sec. 572.0251. INFORMATION ABOUT LEGISLATIVE CONTINUANCES. A member or member-elect of the legislature licensed to practice law in this state who represents a party to a civil or criminal case for compensation and on that party's behalf applies for or obtains a legislative continuance under Section 30.003, Civil Practice and Remedies Code, or under another law or rule that requires or permits a court to grant a continuance on the grounds that an attorney for a party is a member or member-elect of the legislature shall report on the financial statement:

(1) the name of the party represented;

(2) the date on which the member or member-elect was retained to represent the party;

(3) the style and cause number of the action in which the continuance was sought and the court and jurisdiction in which the action was pending when the continuance was sought;

(4) the date on which the member or member-elect applied for a continuance; and

(5) whether the continuance was granted.

Sec. 572.0252. INFORMATION ABOUT CONTRACTS WITH GOVERNMENTAL ENTITIES. (a) A member of or candidate for the legislature shall report on the financial statement:

(1) each contract between the member or candidate and a governmental entity; and

(2) each class of measures or bills it is reasonably foreseeable will have an effect on the contract.

(b) A member of the legislature who enters into a contract with a governmental entity after January 1 of an odd-numbered year and before May 31 of an odd-numbered year shall file an amended financial statement that includes the information required by Subsection (a) in regard to the contract. The amended statement must be filed not later than the seventh business day after the date the member enters into the contract.

SECTION 5.05. Section 572.033(b), Government Code, is amended to read as follows:

(b) If a statement is determined to be late, the individual responsible for filing the statement is [~~civilly~~] liable to the state for a civil penalty of \$500 [~~an amount determined by commission rule, but not to exceed \$100 for each day that the statement is late~~]. If a statement is more than 30 days late, the commission shall issue a warning of liability by registered mail to the individual responsible for the filing. If the penalty is not paid before the 10th day after the date on which the warning is received, the individual is liable for a civil penalty in an amount determined by commission rule, but not to exceed \$10,000.

SECTION 5.06. Section 572.051, Government Code, is amended to read as follows:

Sec. 572.051. STANDARDS OF CONDUCT. (a) A state officer or employee may [~~should~~] not:

(1) accept or solicit any gift, favor, or service that might reasonably tend to influence the officer or employee in the discharge of official duties or that the officer or employee knows or should know is being offered with the intent to influence the officer's or employee's official conduct;

(2) accept other employment or engage in a business or

professional activity that the officer or employee might reasonably expect would require or induce the officer or employee to disclose confidential information acquired by reason of the official position;

(3) accept other employment or compensation that could reasonably be expected to impair the officer's or employee's independence of judgment in the performance of the officer's or employee's official duties;

(4) make personal investments that could reasonably be expected to create a substantial conflict between the officer's or employee's private interest and the public interest; ~~[or]~~

(5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed the officer's or employee's official duties in favor of another; or

(6) intentionally or knowingly solicit, accept, or agree to accept any economic benefit, compensation, or contract from a governmental or other entity that the officer or employee knows or should know would not be offered or paid to or made with the officer or employee but for the officer's or employee's position as a state officer or employee.

(b) This section does not apply to the solicitation, acceptance, or agreement to accept a benefit described by Section 36.10, Penal Code.

(c) A member of the legislature who violates this section is subject to discipline by the house to which the member belongs, as provided by Section 11, Article III, Texas Constitution. Any other state officer who violates this section is subject to removal from office for official misconduct as provided by law. A state employee who violates this section is subject to termination of employment.

(d) Discipline, removal, or termination under Subsection (c) is in addition to any civil or criminal penalty that applies to the person's conduct.

SECTION 5.07. Section 572.052(a), Government Code, is amended to read as follows:

(a) A member of the legislature may not, for compensation, represent another person before a state agency in the executive

branch of state government unless the representation is pursuant to an attorney-client relationship in a criminal law matter [+

~~[(1) the representation:~~

~~[(A) is made in a proceeding that is adversary in nature or in another public hearing that is a matter of record; or~~

~~[(B) involves the filing of documents, contacts with the agency, or other relations, that involve only ministerial acts on the part of the commission, agency, board, department, or officer; and~~

~~[(2) the member discloses to the agency that the member is being compensated for the representation].~~

SECTION 5.08. Subchapter C, Chapter 572, Government Code, is amended by adding Section 572.0531 to read as follows:

Sec. 572.0531. NOTICE REQUIRED FOR INTRODUCTION OR SPONSORSHIP OF OR VOTING ON CERTAIN MEASURES OR BILLS BY LEGISLATORS. (a) A member shall file a notice as required by Subsection (b) before introducing, sponsoring, or voting on a measure or bill if the member's spouse or a person related to the member within the first degree by consanguinity, as determined under Subchapter B, Chapter 573, is registered as a lobbyist under Chapter 305 with respect to the subject matter of the measure or bill.

(b) A member of the house of representatives to whom Subsection (a) applies shall file a written notice of that fact with the chief clerk of the house of representatives. A senator to whom Subsection (a) applies shall file a written notice of that fact with the secretary of the senate. The member shall also file a notice with the commission. A notice filed under this subsection must:

(1) identify:

(A) the member;

(B) the measure, bill, or class of measures or bills with respect to which the notice is required under this section; and

(C) the person registered as a lobbyist; and

(2) be included in the journal of the house to which the member belongs.

(c) A person related to the member to whom Subsection (a)

applies shall file a notice with the commission identifying:

(1) the person;

(2) the member; and

(3) the class of measures or bills with respect to which notice is required under this section.

(d) A person related to the member to whom Subsection (a) applies shall file the notice required by Subsection (c) not later than:

(1) the beginning of a regular or special legislative session as to which the person is registered as a lobbyist under Chapter 305 and will communicate directly with a member of the legislative branch with respect to the measure, bill, or class of measures or bills; or

(2) the seventh business day after the day the person agrees to accept reimbursement or compensation to communicate directly with a member of the legislative branch with respect to the measure, bill, or class of measures or bills, if the person agrees to accept the reimbursement or compensation after the beginning of a legislative session.

(e) If it is reasonably foreseeable that a class of measures or bills will have an effect on a contract between a member and a governmental entity, a member shall file a financial statement that includes the information required by Section 572.0252 before introducing, sponsoring, or voting on a measure or bill in the class of measures or bills.

(f) A member of the legislature who violates this section is subject to discipline by the house to which the member belongs, as provided by Section 11, Article III, Texas Constitution.

(g) In this section, "communicates directly with" and "member of the legislative branch" have the meanings assigned by Section 305.002.

SECTION 5.09. Section 30.003, Civil Practice and Remedies Code, is amended by adding Subsection (g) to read as follows:

(g) If the attorney for a party seeking a continuance under this section is a member or member-elect of the legislature, the attorney shall file a copy of the application for a continuance with the Texas Ethics Commission. The copy must be sent to the

commission on the same day the attorney files the application with the court.

SECTION 5.10. (a) Section 572.052, Government Code, as amended by this Act, applies only to representation before a state agency in regard to a matter as to which a member of the legislature is hired on or after September 1, 2003. Representation in regard to a matter as to which a member of the legislature was hired before September 1, 2003, and the reporting of that representation are governed by the law in effect at the time the member was hired, and that law is continued in effect for that purpose.

(b) Sections 572.022 and 572.023, Government Code, as amended by this Act, and Sections 572.0251 and 572.0252, Government Code, as added by this Act, apply only to a financial statement required to be filed under Subchapter B, Chapter 572, Government Code, on or after January 1, 2004. A financial statement required to be filed under Subchapter B, Chapter 572, Government Code, before January 1, 2004, is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

(c) Section 572.033(b), Government Code, as amended by this Act, applies only to a civil penalty imposed for a late report under Subchapter B, Chapter 572, Government Code, that is required to be filed on or after September 1, 2003. A civil penalty imposed for a late report under Subchapter B, Chapter 572, Government Code, that is required to be filed before September 1, 2003, is governed by the law in effect on the date the report was required to be filed, and the former law is continued in effect for that purpose.

(d) Section 30.003, Civil Practice and Remedies Code, as amended by this Act, applies only to an application for a continuance under that section that is made on or after September 1, 2003. An application for a continuance under Section 30.003, Civil Practice and Remedies Code, that is made before September 1, 2003, is covered by the law in effect when the application was made, and the former law is continued in effect for that purpose.

ARTICLE 6. PERSONAL FINANCIAL DISCLOSURE BY  
COUNTY AND MUNICIPAL OFFICERS

SECTION 6.01. Subtitle A, Title 5, Local Government Code,

is amended by adding Chapter 145 to read as follows:

CHAPTER 145. FINANCIAL DISCLOSURE BY AND STANDARDS

OF CONDUCT FOR LOCAL GOVERNMENT OFFICERS

Sec. 145.001. APPLICABILITY OF CHAPTER. This chapter applies only to a municipality with a population of 200,000 or more.

Sec. 145.002. DEFINITION. In this chapter, "municipal officer" means the mayor, a member of the governing body, the municipal attorney, or the city manager of a municipality.

Sec. 145.003. FINANCIAL STATEMENT REQUIRED. (a) A municipal officer or a candidate for a municipal office filled by election shall file a financial statement as required by this chapter.

(b) The statement must:

(1) be filed with the clerk or secretary of the municipality in which the officer or candidate resides; and

(2) comply with Sections 572.022 and 572.023, Government Code.

Sec. 145.004. FILING DATES; TIMELINESS OF FILING. (a) A municipal officer shall file the financial statement required by this chapter within the time prescribed by Section 572.026(a), Government Code.

(b) A person who is appointed to a municipal office shall file the financial statement required by this chapter within the time prescribed by Section 572.026(c), Government Code.

(c) A candidate for a municipal office filled by election shall file the financial statement required by this chapter not later than the earlier of:

(1) the 20th day after the deadline for filing an application for a place on the ballot in the election; or

(2) the fifth day before the date of the election.

(d) The timeliness of the filing is governed by Section 572.029, Government Code.

(e) A municipal officer or a person who is appointed to a municipal office may request the clerk or secretary of the municipality to grant an extension of not more than 60 days for filing the statement. The clerk or secretary shall grant the request if it is received before the filing deadline or if the

officer's physical or mental incapacity prevents the officer from filing the statement or requesting an extension before the filing deadline. The clerk or secretary may not grant more than one extension to a person in one year except for good cause shown.

(f) The clerk or secretary may not grant an extension to a candidate for a municipal office filled by election.

Sec. 145.005. FORM OF STATEMENT. (a) The clerk or secretary of the municipality shall require that the form designed by the Texas Ethics Commission under Chapter 572, Government Code, be used for filing the financial statement.

(b) The clerk or secretary shall mail two copies of the form to each municipal officer or person who is appointed to a municipal office who is required to file under this chapter within the time prescribed by Section 572.030(c)(1), Government Code. The clerk or secretary shall mail a copy of the form to each candidate for a municipal office filled by election who is required to file under this chapter not later than the 10th day before the deadline for filing the statement under Section 145.004(c).

Sec. 145.006. DUPLICATE OR SUPPLEMENTAL STATEMENTS. If a person has filed a financial statement under one provision of this chapter covering the preceding calendar year, the person is not required to file a financial statement required under another provision of this chapter covering that same year if, before the deadline for filing the statement under the other provision, the person notifies the clerk or secretary of the municipality in writing that the person has already filed a financial statement under this chapter covering that year.

Sec. 145.007. PUBLIC ACCESS TO STATEMENTS. (a) Financial statements filed under this chapter are public records. The clerk or secretary of the municipality shall maintain the statements in separate alphabetical files and in a manner that is accessible to the public during regular office hours.

(b) Until the first anniversary of the date a financial statement is filed, each time a person, other than the clerk or secretary of the municipality or an employee of the clerk or secretary who is acting on official business, requests to see the financial statement, the clerk or secretary shall place in the file

a statement of the person's name and address, whom the person represents, and the date of the request. The clerk or secretary shall retain that statement in the file until the first anniversary of the date the requested financial statement is filed.

(c) The clerk or secretary of the municipality may, and on notification from a former officer or candidate shall, destroy any financial statements filed by the officer or candidate after the second anniversary of the date the person ceases to be an officer or candidate, as applicable.

Sec. 145.008. NOTIFICATION TO PROSECUTING ATTORNEY. The clerk or secretary of each municipality shall maintain a list of the municipal officers and candidates for municipal office required to file a financial statement under this chapter. Not later than the 10th day after each applicable filing deadline, the municipal clerk shall provide to the municipal attorney a copy of the list showing for each municipal officer and candidate for municipal office:

(1) whether the officer or candidate timely filed a financial statement as required by this chapter;

(2) whether the officer or candidate timely requested and was granted an extension of time to file as provided for by Section 145.004 and the new due date for each such officer or candidate; or

(3) whether the officer or candidate did not timely file a financial statement or receive an extension of time.

Sec. 145.009. CRIMINAL PENALTY. (a) A municipal officer or a candidate for a municipal office filled by election commits an offense if the officer or candidate knowingly fails to file a financial statement as required by this chapter.

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

(c) It is a defense to prosecution under this section that the officer or candidate did not receive copies of the financial statement form required to be mailed to the officer or candidate by this chapter.

Sec. 145.010. CIVIL PENALTY. (a) A person who determines that a person required to file a financial statement under this chapter has failed to do so may notify in writing the municipal attorney of the municipality.

(b) On receipt of a written notice under Subsection (a), the municipal attorney shall determine from any available evidence whether the person to whom the notice relates has failed to file a statement. On making that determination, the municipal attorney shall immediately mail by certified mail a notice of the determination to the person responsible for filing the statement.

(c) If the person responsible for filing the statement fails to file the statement before the 30th day after the date the person receives the notice under Subsection (b), the person is civilly liable to the municipality for an amount not to exceed \$1,000.

(d) A penalty paid under this section shall be deposited to the credit of the general fund of the municipality.

SECTION 6.02. Subchapter A, Chapter 159, Local Government Code, is amended by adding Section 159.0071 to read as follows:

Sec. 159.0071. NOTIFICATION TO PROSECUTING ATTORNEY. The county clerk of each county shall maintain a list of the county officers and candidates for county office required to file a financial statement under this subchapter. Not later than the 10th day after each applicable filing deadline, the county clerk shall provide to the county attorney or criminal district attorney a copy of the list showing for each county officer and candidate for county office:

(1) whether the officer or candidate timely filed a financial statement as required by this subchapter;

(2) whether the officer or candidate timely requested and was granted an extension of time to file as provided for by Section 159.004 and the new due date for each such officer or candidate; or

(3) whether the officer or candidate did not timely file a financial statement or receive an extension of time.

SECTION 6.03. Subtitle C, Title 5, Local Government Code, is amended by adding Chapter 176 to read as follows:

CHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL  
GOVERNMENT OFFICERS

Sec. 176.001. APPLICABILITY OF CHAPTER. This chapter applies only to:

(1) a county with a population of 2.2 million or more;

(2) a municipality with a population of 1.18 million or more; and

(3) a local governmental entity that is appointed by a county or municipality described by this section.

Sec. 176.002. DEFINITIONS. In this chapter:

(1) "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.

(2) "Local governmental entity" means 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.

(3) "Local government officer" means:

(A) a county judge;

(B) a county commissioner;

(C) a mayor;

(D) a municipal attorney;

(E) a member of the governing body of a municipality;

(F) a city manager of a municipality; or

(G) a member of a local governmental entity appointed by the commissioners court of a county, a mayor, or the governing body of a municipality.

Sec. 176.003. APPLICABILITY TO CERTAIN VENDORS AND OTHER PERSONS. (a) This chapter applies to a person who:

(1) contracts or seeks to contract for the sale or purchase of property, goods, or services with a county, municipality, or local governmental entity; or

(2) seeks the approval of a plat or permit with the commissioners court of a county, the governing body of a municipality, or a local governmental entity.

(b) A person is not subject to this chapter under Subsection (a) if the person is:

(1) a state, a political subdivision of a state, the federal government, or a foreign government; or

(2) an employee of an entity described by Subdivision

(1), acting in the employee's official capacity.

Sec. 176.004. CONFLICTS DISCLOSURE STATEMENT. (a) The commissioners court of a county or the governing body of a municipality shall adopt a conflicts disclosure statement for local government officers of the county or municipality or the local governmental entity to which the commissioners court of the county, mayor of the municipality, or governing body of the municipality appoints a member. The conflicts disclosure statement must include:

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

(A) an employment or other business relationship of the local government officer or a family member of the local government officer with a person described by Section 176.003(a) that results in the local government officer receiving taxable income, including the nature and extent of the relationship; and

(B) gifts received by the local government officer and any family member of the local government officer from a person described by Section 176.003(a) in the 12-month period before the date of the statement that have a total value of more than \$250;

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

(A) the disclosure applies to a family member of the local government officer; and

(B) the statement covers the 12-month period before the date of the statement; and

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

(b) A local government officer shall file a conflicts disclosure statement with the custodian of the records of the governing body of the county, municipality, or local governmental entity not later than 5 p.m. on the first business day on which the local government officer becomes aware of the relationship between the county, municipality, or local governmental entity and the person described by Section 176.003(a) if:

(1) the person has contracted with the county, municipality, or local governmental entity;

(2) the county, municipality, or local governmental entity is considering doing business with the person; or

(3) the person has offered one or more gifts that have a total value of more than \$250 to that local government officer or a family member of the local government officer in the 12-month period preceding the date the local government officer becomes aware of the relationship between the county, municipality, or local governmental entity and the person.

(c) If the governing board of a local governmental entity is appointed by both the commissioners court of a county and the mayor or governing body of a municipality, the local government officers of the local governmental entity shall use the conflicts disclosure statement adopted by the commissioners court.

(d) A person commits an offense if the person is a local government officer and the person fails to file the conflicts disclosure statement as required by Subsection (b). An offense under this subsection is a Class B misdemeanor.

(e) A county or municipality may extend the requirements of this section to all or a group of the employees of the county or municipality or of a local governmental entity of the county or municipality. A county, municipality, or local governmental entity may reprimand, suspend, or terminate an employee who fails to comply with a requirement adopted under this section.

Sec. 176.005. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER PERSONS; QUESTIONNAIRE. (a) This section applies only to a person described by Section 176.003(a) who:

(1) responds to a request for proposals or bids of a county, municipality, or local governmental entity;

(2) communicates with a county, municipality, or local governmental entity in connection with a potential agreement between the person and the county, municipality, or local governmental entity; or

(3) requests action by the county, municipality, or local governmental entity on a plat or permit.

(b) The commissioners court of a county or the governing

body of a municipality shall adopt a conflict of interest questionnaire that requires disclosure of a person's affiliations or business relationships that might cause a conflict of interest.

(c) A person described by Subsection (a) shall file a completed conflict of interest questionnaire with the custodian of records of the county, municipality, or local governmental entity not later than the seventh day after the date that the person:

(1) begins contract discussions or negotiations with the county, municipality, or local governmental entity;

(2) forwards to the county, municipality, or local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential agreement with the county, municipality, or local governmental entity; or

(3) submits a request for approval of a plat or permit.

(d) A person described by Subsection (a) shall file an updated completed questionnaire with the custodian of records of the county, municipality, or local governmental entity not later than:

(1) September 1 of each year in which an activity described by Subsection (a) is pending; and

(2) the seventh day after the date of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A contract entered into by the county, municipality, or local governmental entity and a person described by Subsection (a) is voidable if the person violates this section. The contract must state the substance of this subsection.

Sec. 176.006. ELECTRONIC FILING. The requirements of this chapter, including signature requirements, may be satisfied by electronic filing in a form approved by the county, municipality, or local governmental entity.

Sec. 176.007. POSTING ON INTERNET. A county or municipality that adopts a conflicts disclosure statement and a conflict of interest questionnaire under this chapter shall provide access to the statements and questionnaires filed under this chapter, including any statement or questionnaire filed in relation

to a local governmental entity of the county or municipality, on the Internet website maintained by the county or municipality.

Sec. 176.008. REQUIREMENTS CUMULATIVE. The requirements of this chapter are in addition to any other disclosure required by law.

SECTION 6.04. Chapter 145, Local Government Code, as added by this Act, applies beginning January 1, 2004. A municipal officer or candidate for municipal office is not required to include financial activity occurring before January 1, 2003, in a financial disclosure statement under Chapter 145, Local Government Code, as added by this Act.

SECTION 6.05. Section 176.005(e), Local Government Code, as added by this Act, applies only to a contract entered into on or after September 1, 2003.

SECTION 6.06. Each county and municipality subject to Chapter 176, Local Government Code, as added by this Act, shall adopt the conflicts disclosure statement and the conflict of interest questionnaire required by that chapter not later than December 31, 2003.

SECTION 6.07. (a) A local government officer is not required to file a conflicts disclosure statement under Chapter 176, Local Government Code, as added by this Act, before January 1, 2004.

(b) A person described by Section 176.003(a), Local Government Code, as added by this Act, is not required to file a conflict of interest questionnaire under Chapter 176, Local Government Code, as added by this Act, before January 1, 2004.

ARTICLE 7. MISUSE OF CONFIDENTIAL INFORMATION BY GOVERNMENTAL OFFICER OR EMPLOYEE

SECTION 7.01. The heading to Section 552.352, Government Code, is amended to read as follows:

Sec. 552.352. DISTRIBUTION OR MISUSE OF CONFIDENTIAL INFORMATION.

SECTION 7.02. Section 552.352, Government Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) An officer or employee of a governmental body who obtains access to confidential information under Section 552.008

commits an offense if the officer or employee knowingly:

(1) uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or employee to obtain access to the information, including solicitation of political contributions or solicitation of clients;

(2) permits inspection of the confidential information by a person who is not authorized to inspect the information; or

(3) discloses the confidential information to a person who is not authorized to receive the information.

(a-2) For purposes of Subsection (a-1), a member of an advisory committee to a governmental body who obtains access to confidential information in that capacity is considered to be an officer or employee of the governmental body.

ARTICLE 8. EFFECTIVE DATE

SECTION 8.01. This Act takes effect September 1, 2003.