

## BILL ANALYSIS

C.S.S.B. 755

By: Ratliff

Land & Resource Management  
Committee Report (Substituted)

### BACKGROUND AND PURPOSE

Currently, an officer of a governmental body who has a financial interest in a contract before the body may not enter into the contract. The attorney general concluded that a grant being awarded by a council was subject to this conflict of interest rule and therefore could not be given to the employer of a council member.

C.S.S.B. 755 requires an executive committee member to disclose their conflict of interest regarding a particular grant due to their employment. The committee member is also precluded from voting or even participating in a discussion that relates to the awarding of the grant.

### RULEMAKING AUTHORITY

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

### ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 487, Government Code, by adding Section 487.059, as follows:

**Defines “financial interest in an entity”** (includes holding an ownership interest in the entity or being employed by the entity).

**Defines “monetary award”** (means any money, fund, stipend, grant, scholarship, loan, or loan guarantee awarded under this chapter).

Requires a conflicted committee member or executive director, before a vote on the monetary award or contract, to disclose the fact of his or her financial interest in the entity.

Requires the executive committee to enter the disclosure into the minutes of the meeting at which a vote on the monetary award or contract is taken.

Provides that the conflicted executive committee member or executive director may not vote on or otherwise participate in a discussion or any other activity that relates to awarding the monetary award or contract.

Provides that if the conflicted committee member or executive director does not comply with this section, the entity is not eligible to be awarded the monetary award or contract.

Requires an executive committee member who is employed by a contracting (or closely related) entity to disclose the fact of his or her financial interest in the entity.

Requires the executive committee to enter the disclosure into the minutes of the meeting at which a vote on the monetary award or contract is taken.

Provides that a conflicting executive committee member may not vote on or otherwise participate in a discussion or any other activity that relates to awarding the monetary award or contract.

Provides that if the conflicted committee member does not comply with this section, the entity is not eligible to be awarded the monetary award or contract.

SECTION 2. Effective date.

**EFFECTIVE DATE**

September 1, 2003, or immediately if it receives the requisite number of votes.

**COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.S.B. 755 adds a definition of “financial interest in an entity”.

C.S.S.B. 755 adds provisions related to other, non-employment related, conflicts of interest between a committee member or an executive director and a contracting entity (disclosure, notice of disclosure in minutes, prohibition against voting, etc.).