

By: Baxter, Keel

H.B. No. 1708

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the applicability of state ethics laws to and  
3 indemnification of directors of regional mobility authorities;  
4 providing penalties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter F, Chapter 370, Transportation Code,  
7 is amended by adding Sections 370.2521, 370.2522, and 370.2523 to  
8 read as follows:

9 Sec. 370.2521. FILING OF FINANCIAL STATEMENT BY DIRECTOR.

10 (a) Except as provided by Subsection (c), (d), or (e) a director  
11 shall file the financial statement required of state officers under  
12 Subchapter B, Chapter 572, Government Code, with the Texas Ethics  
13 Commission.

14 (b) Subchapter B, Chapter 572, Government Code:

15 (1) applies to a director as if the director were a  
16 state officer; and

17 (2) governs the contents, timeliness of filing, and  
18 public inspection of a statement filed under Subsection (a).

19 (c) Subsection (a) does not apply to a director who is a  
20 state officer subject to Subchapter B, Chapter 572, Government  
21 Code.

22 (d) A director who is a municipal officer subject to Chapter  
23 145, Local Government Code, or a county officer subject to  
24 Subchapter A, Chapter 159, Local Government Code, shall file with

1 the Texas Ethics Commission a copy of the financial statement filed  
2 under Chapter 145, Local Government Code, or Subchapter A, Chapter  
3 159, Local Government Code, as applicable. Subchapter B, Chapter  
4 572, Government Code, governs the timeliness of filing and public  
5 inspection of a copy of a statement filed under this subsection.

6 (e) Subsection (a) does not apply to an authority if each  
7 county that is a part of the authority has a population of less than  
8 200,000. The commissioners courts of the counties that are a part  
9 of an authority to which this subsection applies may jointly adopt a  
10 process that requires the directors of the authority to disclose  
11 personal financial activity as specified by the commissioners  
12 courts.

13 (f) A person subject to Subsection (a) or (d) commits an  
14 offense if the person fails to file the statement required by  
15 Subsection (a) or the copy required by Subsection (d), as  
16 applicable. An offense under this subsection is a Class B  
17 misdemeanor.

18 Sec. 370.2522. APPLICABILITY OF CONFLICTS OF INTEREST LAW  
19 TO DIRECTORS. (a) A director is considered to be a local public  
20 official for purposes of Chapter 171, Local Government Code.

21 (b) For purposes of Chapter 171, Local Government Code, a  
22 director, in connection with a vote or decision by the board, is  
23 considered to have a substantial interest in a business entity if a  
24 person related to the director in the second degree by  
25 consanguinity, as determined under Chapter 573, Government Code,  
26 has a substantial interest in the business entity.

27 Sec. 370.2523. APPLICABILITY OF NEPOTISM LAWS. A director

1 is a public official for purposes of Chapter 573, Government Code.

2 SECTION 2. Section 370.258(a), Transportation Code, is  
3 amended to read as follows:

4 (a) An authority may indemnify one or more of its directors  
5 or officers for necessary expenses and costs, including attorney's  
6 fees, incurred by the directors or officers in connection with any  
7 claim asserted against the directors or officers in their  
8 respective capacities as directors or officers only if a majority  
9 of the directors who are not seeking indemnity find that, in  
10 connection with the claim, the directors or officers are not guilty  
11 of negligence or misconduct.

12 SECTION 3. (a) Section 370.2521, Transportation Code, as  
13 added by this Act, applies beginning January 1, 2006. A person  
14 subject to Section 370.2521(a), Transportation Code, as added by  
15 this Act, is not required to include financial activity occurring  
16 before January 1, 2005, in a financial disclosure statement under  
17 that section.

18 (b) Sections 370.2522 and 370.2523, Transportation Code, as  
19 added by this Act, apply only to an action taken by the board of a  
20 regional mobility authority on or after September 1, 2005. An  
21 action taken by the board of a regional mobility authority before  
22 September 1, 2005, is subject to the law in effect on the date the  
23 action was taken, and the former law is continued in effect for that  
24 purpose.

25 SECTION 4. This Act takes effect September 1, 2005.