

By: Baxter

H.B. No. 1708

A BILL TO BE ENTITLED

AN ACT

1  
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) or (d), a director shall  
11 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) A person subject to Subsection (a) or (d) commits an  
7 offense if the person fails to file the statement required by  
8 Subsection (a) or the copy required by Subsection (d), as  
9 applicable. An offense under this subsection is a Class B  
10 misdemeanor.

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

14 (b) For purposes of Chapter 171, Local Government Code, a  
15 director, in connection with a vote or decision by the board, is  
16 considered to have a substantial interest in a business entity if a  
17 person related to the director in the second degree by  
18 consanguinity, as determined under Chapter 573, Government Code,  
19 has a substantial interest in the business entity.

20 Sec. 370.2523. APPLICABILITY OF NEPOTISM LAWS. A director  
21 is a public official for purposes of Chapter 573, Government Code.

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

24 (a) An authority may indemnify one or more of its directors  
25 or officers for necessary expenses and costs, including attorney's  
26 fees, incurred by the directors or officers in connection with any  
27 claim asserted against the directors or officers in their

1   respective capacities as directors or officers only if a majority  
2 of the directors who are not seeking indemnity find that, in  
3 connection with the claim, the directors or officers are not guilty  
4 of negligence or misconduct.

5           SECTION 3. (a) Section 370.2521, Transportation Code, as  
6 added by this Act, applies beginning January 1, 2006. A person  
7 subject to Section 370.2521(a), Transportation Code, as added by  
8 this Act, is not required to include financial activity occurring  
9 before January 1, 2005, in a financial disclosure statement under  
10 that section.

11           (b) Sections 370.2522 and 370.2523, Transportation Code, as  
12 added by this Act, apply only to an action taken by the board of a  
13 regional mobility authority on or after September 1, 2005. An  
14 action taken by the board of a regional mobility authority before  
15 September 1, 2005, is subject to the law in effect on the date the  
16 action was taken, and the former law is continued in effect for that  
17 purpose.

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