

1-1 By: Baxter, Keel (Senate Sponsor - Wentworth) H.B. No. 1708  
1-2 (In the Senate - Received from the House April 27, 2005;  
1-3 April 29, 2005, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 18, 2005, reported favorably by  
1-5 the following vote: Yeas 5, Nays 0; May 18, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the applicability of state ethics laws to and  
1-9 indemnification of directors of regional mobility authorities;  
1-10 providing penalties.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter F, Chapter 370, Transportation Code,  
1-13 is amended by adding Sections 370.2521, 370.2522, and 370.2523 to  
1-14 read as follows:

1-15 Sec. 370.2521. FILING OF FINANCIAL STATEMENT BY DIRECTOR.

1-16 (a) Except as provided by Subsection (c), (d), or (e) a director  
1-17 shall file the financial statement required of state officers under  
1-18 Subchapter B, Chapter 572, Government Code, with the Texas Ethics  
1-19 Commission.

1-20 (b) Subchapter B, Chapter 572, Government Code:

1-21 (1) applies to a director as if the director were a  
1-22 state officer; and

1-23 (2) governs the contents, timeliness of filing, and  
1-24 public inspection of a statement filed under Subsection (a).

1-25 (c) Subsection (a) does not apply to a director who is a  
1-26 state officer subject to Subchapter B, Chapter 572, Government  
1-27 Code.

1-28 (d) A director who is a municipal officer subject to Chapter  
1-29 145, Local Government Code, or a county officer subject to  
1-30 Subchapter A, Chapter 159, Local Government Code, shall file with  
1-31 the Texas Ethics Commission a copy of the financial statement filed  
1-32 under Chapter 145, Local Government Code, or Subchapter A, Chapter  
1-33 159, Local Government Code, as applicable. Subchapter B, Chapter  
1-34 572, Government Code, governs the timeliness of filing and public  
1-35 inspection of a copy of a statement filed under this subsection.

1-36 (e) Subsection (a) does not apply to an authority if each  
1-37 county that is a part of the authority has a population of less than  
1-38 200,000. The commissioners courts of the counties that are a part  
1-39 of an authority to which this subsection applies may jointly adopt a  
1-40 process that requires the directors of the authority to disclose  
1-41 personal financial activity as specified by the commissioners  
1-42 courts.

1-43 (f) A person subject to Subsection (a) or (d) commits an  
1-44 offense if the person fails to file the statement required by  
1-45 Subsection (a) or the copy required by Subsection (d), as  
1-46 applicable. An offense under this subsection is a Class B  
1-47 misdemeanor.

1-48 Sec. 370.2522. APPLICABILITY OF CONFLICTS OF INTEREST LAW  
1-49 TO DIRECTORS. (a) A director is considered to be a local public  
1-50 official for purposes of Chapter 171, Local Government Code.

1-51 (b) For purposes of Chapter 171, Local Government Code, a  
1-52 director, in connection with a vote or decision by the board, is  
1-53 considered to have a substantial interest in a business entity if a  
1-54 person related to the director in the second degree by  
1-55 consanguinity, as determined under Chapter 573, Government Code,  
1-56 has a substantial interest in the business entity.

1-57 Sec. 370.2523. APPLICABILITY OF NEPOTISM LAWS. A director  
1-58 is a public official for purposes of Chapter 573, Government Code.

1-59 SECTION 2. Section 370.258(a), Transportation Code, is  
1-60 amended to read as follows:

1-61 (a) An authority may indemnify one or more of its directors  
1-62 or officers for necessary expenses and costs, including attorney's  
1-63 fees, incurred by the directors or officers in connection with any  
1-64 claim asserted against the directors or officers in their

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

2-5 SECTION 3. (a) Section 370.2521, Transportation Code, as  
2-6 added by this Act, applies beginning January 1, 2006. A person  
2-7 subject to Section 370.2521(a), Transportation Code, as added by  
2-8 this Act, is not required to include financial activity occurring  
2-9 before January 1, 2005, in a financial disclosure statement under  
2-10 that section.

2-11 (b) Sections 370.2522 and 370.2523, Transportation Code, as  
2-12 added by this Act, apply only to an action taken by the board of a  
2-13 regional mobility authority on or after September 1, 2005. An  
2-14 action taken by the board of a regional mobility authority before  
2-15 September 1, 2005, is subject to the law in effect on the date the  
2-16 action was taken, and the former law is continued in effect for that  
2-17 purpose.

2-18 SECTION 4. This Act takes effect September 1, 2005.

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