

BILL ANALYSIS

C.S.H.B. 158
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Elections
Committee Report (Substituted)

BACKGROUND AND PURPOSE

On November 27, 2006, the Texas Ethics Commission (TEC) issued an Advisory Opinion which ruled that a state official need not report the value of a gift of cash or cash equivalent on his or her personal financial disclosure statement. This means that a public official need only report a gift as a “check” or a “money order” and not disclose the true market value of the gift. The ruling sets a perilous precedent and opens up a dangerous loophole.

In January, the TEC released the Texas Ethics Commission Task Force's Recommendations for Statutory Changes. Recommendation No. 17: Description of Gift proposes that the Legislature “amend the law to expressly require a gift to include the value of the gift.”

A proper description of a financial gift should include the fair market value of the gift at the time the gift was received, not merely the method of conveyance. C.S.H.B. 158 will require an individual to include the fair market value of a gift at the time it was received in the financial statement that is filed with the Texas Ethics Commission.

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

C.S.H.B. 158 amends the Government Code by requiring an individual to include the fair market value of a gift, upon the time it was received, in the financial statement that is filed with the Texas Ethics Commission.

This bill amends the heading of Section 572.022, Government Code, to read as follows: “Reporting Categories; Required Description.”

The changes in law made by this bill apply only to a financial statement required to be filed on or after January 1, 2008. Statements filed before January 1, 2008 are governed by the law in effect before the effective date of this Act.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The difference between the two measures lie in SECTION 1 of the substitute. C.S.H.B. 158 requires that the fair market value of a gift at the time the gift was received be included in the financial statement filed with the Texas Ethics Commission.