

**BILL ANALYSIS**

C.S.H.B. 62  
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Judiciary & Civil Jurisprudence  
Committee Report (Substituted)

**BACKGROUND AND PURPOSE**

Judges are not currently prohibited from holding a financial interest in a private correctional or rehabilitation facility. C.S.H.B. 62 seeks to ensure that there is no conflict of interest when trying cases by imposing restrictions on such financial interests.

**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. 62 amends the Government Code to prohibit a justice or judge, as applicable, of the supreme court, the court of criminal appeals, a court of appeals, a district court, a county court, a county court at law, or a statutory probate court from having, on the date the person takes office as a justice or judge or while serving as a justice or judge, a significant interest in a business entity that owns, manages, or operates the following: a community residential facility; a correctional or rehabilitation facility; or any other facility intended to provide housing, supervision, counseling, personal, social, and work adjustment training, or other programs to a person convicted of a misdemeanor or felony or found to have engaged in delinquent conduct who is housed in the facility while serving a sentence of confinement following conviction of an offense or an adjudication of delinquent conduct or who is housed in the facility as a condition of community supervision, probation, parole, or mandatory supervision. The bill sets out the conditions under which a justice or judge is considered to have a significant interest in such a business entity for the purposes of the bill's provisions. The bill establishes that a violation of the prohibition by a justice or judge is considered a violation of certain provisions of the Code of Judicial Conduct relating to financial activities. The bill requires a justice or judge who has an interest in a business entity that is prohibited under the bill's provisions to report the interest to the State Commission on Judicial Conduct.

**EFFECTIVE DATE**

January 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 62 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 21, Government

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83R 19965

13.92.837

Substitute Document Number: 83R 18856

Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. FINANCIAL INTEREST IN PRIVATE CORRECTIONAL AND REHABILITATION FACILITIES PROHIBITED. (a) A justice or judge, as applicable, of the supreme court, the court of criminal appeals, a court of appeals, a district court, a county court, a county court at law, or a statutory probate court may not, on the date the person takes office as a justice or judge or while serving as a justice or judge, have a substantial interest in a business entity that owns, manages, or operates:

(1) a community residential facility described by Section 508.119;

(2) a correctional or rehabilitation facility subject to Chapter 244, Local Government Code; or

(3) any other facility intended to accomplish a purpose or provide a service described by Section 508.119(a) to a person convicted of a misdemeanor or felony or found to have engaged in delinquent conduct who is housed in the facility:

(A) while serving a sentence of confinement following conviction of an offense or an adjudication of delinquent conduct; or

(B) as a condition of community supervision, probation, parole, or mandatory supervision.

(b) A justice or judge is considered to have a substantial interest in a business entity described by Subsection (a) for purposes of this section if:

(1) the justice or judge owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity;

(2) funds received by the justice or judge from the business entity exceed 10 percent of the justice's or judge's gross income for the previous year; or

(3) a person related to the justice or judge in the first degree by consanguinity or affinity, as determined under Chapter 573, has an interest otherwise described by Subdivision (1) or (2).

(c) A justice or judge who violates this section shall be removed from office.

Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. FINANCIAL INTEREST IN PRIVATE CORRECTIONAL AND REHABILITATION FACILITIES PROHIBITED. (a) A justice or judge, as applicable, of the supreme court, the court of criminal appeals, a court of appeals, a district court, a county court, a county court at law, or a statutory probate court may not, on the date the person takes office as a justice or judge or while serving as a justice or judge, have a significant interest in a business entity that owns, manages, or operates:

(1) a community residential facility described by Section 508.119;

(2) a correctional or rehabilitation facility subject to Chapter 244, Local Government Code; or

(3) any other facility intended to accomplish a purpose or provide a service described by Section 508.119(a) to a person convicted of a misdemeanor or felony or found to have engaged in delinquent conduct who is housed in the facility:

(A) while serving a sentence of confinement following conviction of an offense or an adjudication of delinquent conduct; or

(B) as a condition of community supervision, probation, parole, or mandatory supervision.

(b) A justice or judge is considered to have a significant interest in a business entity described by Subsection (a) for purposes of this section if:

(1) the justice or judge owns any voting stock or share or has a direct investment in the business entity that represents the lesser of at least 10 percent or \$15,000 of the fair market value of the business entity; or

(2) the justice or judge receives money from the business entity.

(c) A violation of this section by a justice or judge is considered a violation of Canon

4D(1), Code of Judicial Conduct. A justice or judge who has an interest in a business entity that is prohibited by this section must report the interest to the State Commission on Judicial Conduct.

SECTION 2. The change in law made by this Act applies only to a justice or judge elected or appointed on or after the effective date of this Act. A justice or judge elected or appointed before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

No equivalent provision.

SECTION 3. This Act takes effect January 1, 2014.

SECTION 2. This Act takes effect January 1, 2015.