

BILL ANALYSIS

C.S.H.B. 3517
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General Investigating & Ethics
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Recently, the legislature addressed the prohibition on contingent fees in relation to influencing state purchasing decisions. Stakeholders explain that over time, Texas Ethics Commission rules and opinions have modified the interpretation of the prohibition on contingent fees to influence governmental action and that, in light of the recent focus on state procurement activities, the prohibition should be strengthened. C.S.H.B. 3517 seeks to address these issues.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 3517 amends the Government Code to remove from the exemptions from the requirement to register as a lobbyist solely because the person receives or is entitled to receive compensation or reimbursement to engage in certain communication the exemption for such a person who communicates in a capacity other than as an employee of a vendor of a product or service to a member of the executive branch concerning state agency purchasing decisions involving a product, service, or service provider or negotiations regarding such decisions when the compensation for the communication is not totally or partially contingent on the outcome of any administrative action. The bill repeals a statutory provision establishing that a sales commission or other such fee payable to an independent contractor of a vendor of a product or service is not considered compensation contingent on the outcome of an administrative action if the independent contractor is a registered lobbyist who reports the vendor as a client; the independent contractor reports the full amount of the commission or fee in the manner required by Texas Ethics Commission rule; and the amount of the state agency purchasing decision does not exceed \$10 million. The bill repeals a provision requiring a registered lobbyist, if the amount of compensation or fee is not known at the time of a required disclosure, to disclose a reasonable estimate of the maximum amount of the compensation or fee, the method under which the compensation or fee will be computed, and such other factors as may be required by the Texas Ethics Commission by rule.

C.S.H.B. 3517 establishes that a person who is required to register as a lobbyist solely as a result of the bill's changes is not required to register as a lobbyist before January 1, 2016.

C.S.H.B. 3517 repeals Sections 305.022 (c-1) and (c-3), Government Code.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3517 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 305.0041(a), Government Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Section 305.022(c), Government Code, is amended to read as follows: (c) For purposes of this chapter, a [÷ [(1) — A sales commission payable to an employee of a vendor of a product or service is not considered compensation contingent on the outcome of administrative action if the amount of the state agency purchasing decision does not exceed 10 million dollars. [(2) — A] quarterly or annual compensation performance bonus payable to an employee of a vendor of a product or service is not considered compensation contingent on the outcome of administrative action.	No equivalent provision.
No equivalent provision.	SECTION 2. Sections 305.022(c-1) and (c-3), Government Code, are repealed.
SECTION 3. A person who is required to register under Chapter 305, Government Code, solely as a result of the change in law made by this Act to Section 305.0041(a), Government Code, is not required to register under that chapter before January 1, 2016.	SECTION 3. Same as introduced version.
SECTION 4. This Act takes effect September 1, 2015.	SECTION 4. Same as introduced version.