

By: Davis of Harris

H.B. No. 16

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the ethics of public servants, including the authority
3 and duties of the Texas Ethics Commission, the regulation of
4 certain contributions and expenditures, and the reporting of
5 political contributions and political expenditures and personal
6 financial information; creating a criminal offense.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

8 SECTION 1. Section 251.005(d), Election Code, is amended to
9 read as follows:

10 (d) An out-of-state political committee that does not file a
11 campaign treasurer appointment shall comply with Sections
12 ~~[Section]~~ 254.1581, 254.161, and 254.261.

13 SECTION 2. Subchapter A, Chapter 253, Election Code, is
14 amended by adding Section 253.006 to read as follows:

15 Sec. 253.006. UNLAWFUL USE OF PUBLIC FUNDS FOR
16 CONTRIBUTIONS OR EXPENDITURES. (a) An officer or employee of a
17 political subdivision may not spend or authorize the spending of
18 public funds to make a political contribution or a political
19 expenditure.

20 (b) An officer or employee of a political subdivision may
21 not directly or indirectly employ a person to use public funds to
22 make an unlawful political contribution or political expenditure.

23 (c) A person who violates Subsection (a) or (b) commits an
24 offense. An offense under this section is a Class A misdemeanor.

1 SECTION 3. Subchapter D, Chapter 253, Election Code, is
2 amended by adding Section 253.105 to read as follows:

3 Sec. 253.105. CONTRIBUTIONS TO DIRECT EXPENDITURE ONLY
4 COMMITTEES. A corporation or labor organization may make a
5 political contribution from its own property to a political
6 committee that:

7 (1) is not established or controlled by a candidate or
8 an officeholder;

9 (2) makes or intends to make direct campaign
10 expenditures;

11 (3) does not make or intend to make political
12 contributions to:

13 (A) a candidate;

14 (B) an officeholder;

15 (C) a specific-purpose committee established or
16 controlled by a candidate or an officeholder; or

17 (D) a political committee that makes or intends
18 to make political contributions to a candidate, an officeholder, or
19 a specific-purpose committee established or controlled by a
20 candidate or an officeholder; and

21 (4) has filed an affidavit with the commission stating
22 the committee's intention to operate as described by Subdivisions
23 (2) and (3).

24 SECTION 4. Section 254.161, Election Code, is amended to
25 read as follows:

26 Sec. 254.161. NOTICE TO CANDIDATE AND OFFICEHOLDER OF
27 CONTRIBUTIONS AND EXPENDITURES. If a general-purpose committee

1 other than the principal political committee of a political party
2 or a political committee established by a political party's county
3 executive committee accepts political contributions or makes
4 political expenditures for a candidate or officeholder, notice of
5 that fact shall be given to the affected candidate or officeholder
6 as provided by Section 254.128 for a specific-purpose committee.
7 An out-of-state political committee that is required to comply with
8 this section shall designate an officer of the committee to provide
9 the notice.

10 SECTION 5. Section 254.261, Election Code, is amended by
11 adding Subsection (e) to read as follows:

12 (e) This section applies to an out-of-state political
13 committee that does not file a campaign treasurer appointment.

14 SECTION 6. Section 302.021(a), Government Code, is amended
15 to read as follows:

16 (a) A speaker candidate or former speaker candidate commits
17 an offense if the person:

18 (1) knowingly fails to file the declaration of
19 candidacy required by Section 302.0121;

20 (2) knowingly fails to file the statement required by
21 Section 302.013;

22 (3) knowingly accepts a contribution, loan, or promise
23 of a contribution or loan in violation of Section 302.0121(c);

24 (4) ~~[knowingly accepts a contribution, loan, or~~
25 ~~promise of a contribution or loan prohibited by Section 302.017~~
26 ~~from a corporation, partnership, association, firm, union,~~
27 ~~foundation, committee, club, or other organization or group of~~

1 ~~persons,~~

2 ~~[(5)]~~ knowingly accepts a contribution from a person
3 who uses political contributions, interest earned on political
4 contributions, or an asset purchased with political contributions
5 to make the contribution in violation of Section 302.0191;

6 (5) ~~[(6)]~~ expends campaign funds for any purpose other
7 than those enumerated in Section 302.020;

8 (6) ~~[(7)]~~ knowingly retains contributions, assets
9 purchased with contributions, or interest or other income earned on
10 contributions in violation of Section 302.0201(b); or

11 (7) ~~[(8)]~~ knowingly fails to file the report of
12 unexpended campaign funds as required by Section 302.0201(d).

13 SECTION 7. Subchapter B, Chapter 571, Government Code, is
14 amended by adding Section 571.033 to read as follows:

15 Sec. 571.033. NOTIFICATION PROCEDURES. (a) Except as
16 provided by Subsection (b), the commission may adopt rules
17 prescribing how the commission will notify any person or provide
18 any notice required by this subtitle, Chapter 305, or Title 15,
19 Election Code.

20 (b) Subsection (a) does not authorize the commission to
21 adopt rules prescribing how the commission will notify any person
22 or provide any notice required by Subchapter E or F of this chapter
23 or how the commission will issue a warning of liability under
24 Section 254.042(b), Election Code.

25 SECTION 8. Section 571.071, Government Code, is amended by
26 amending Subsection (c) and adding Subsection (d) to read as
27 follows:

1 (c) The commission may provide a seminar for persons
2 required to register under Chapter 305 that addresses issues
3 involving lobbying, political contributions and expenditures, and
4 other issues as determined by the commission. The commission may
5 charge a fee for attending the seminar in an amount necessary to
6 cover the costs associated with the seminar, including the cost of
7 providing food or nonalcoholic beverages to attendees.

8 (d) The commission may provide a seminar that addresses the
9 laws administered and enforced by the commission and any other
10 relevant laws, as determined by the commission. The commission may
11 charge a fee for attending the seminar in an amount necessary to
12 cover the costs associated with the seminar, including the cost of
13 providing food or nonalcoholic beverages to attendees.

14 SECTION 9. Section 572.023(b), Government Code, as
15 effective until January 8, 2019, is amended to read as follows:

16 (b) The account of financial activity consists of:

17 (1) a list of all sources of occupational income,
18 identified by employer, or if self-employed, by the nature of the
19 occupation, including identification of a person or other
20 organization from which the individual or a business in which the
21 individual has a substantial interest received a fee as a retainer
22 for a claim on future services in case of need, as distinguished
23 from a fee for services on a matter specified at the time of
24 contracting for or receiving the fee, if professional or
25 occupational services are not actually performed during the
26 reporting period equal to or in excess of the amount of the
27 retainer, and the category of the amount of the fee;

1 (2) identification by name and the category of the
2 greatest number of shares of stock of any nonpublicly traded
3 business entity held or acquired, and if sold, the category of the
4 amount of net gain or loss realized from the sale;

5 (2-a) identification by stock symbol and the category
6 of the number of shares of stock of any publicly traded corporation
7 held;

8 (3) a list of all bonds, notes, and other commercial
9 paper held or acquired, and if sold, the category of the amount of
10 net gain or loss realized from the sale;

11 (4) identification of each source and the category of
12 the amount of income in excess of \$500 derived from each source from
13 interest, dividends, royalties, and rents;

14 (5) identification of each guarantor of a loan and
15 identification of each person or financial institution to whom a
16 personal note or notes or lease agreement for a total financial
17 liability in excess of \$1,000 existed at any time during the year
18 and the category of the amount of the liability;

19 (6) identification by description of all beneficial
20 interests in real property and business entities held or acquired,
21 and if sold, the category of the amount of the net gain or loss
22 realized from the sale;

23 (7) identification of a person or other organization
24 from which the individual or the individual's spouse or dependent
25 children received a gift of anything of value in excess of \$250 and
26 a description of each gift, except:

27 (A) a gift received from an individual related to

1 the individual at any time within the second degree by
2 consanguinity or affinity, as determined under Subchapter B,
3 Chapter 573;

4 (B) a political contribution that was reported as
5 required by Chapter 254, Election Code; and

6 (C) an expenditure required to be reported by a
7 person required to be registered under Chapter 305;

8 (8) identification of the source and the category of
9 the amount of all income received as beneficiary of a trust, other
10 than a blind trust that complies with Subsection (c), and
11 identification of each trust asset, if known to the beneficiary,
12 from which income was received by the beneficiary in excess of \$500;

13 (9) identification by description and the category of
14 the amount of all assets and liabilities of a corporation, firm,
15 partnership, limited partnership, limited liability partnership,
16 professional corporation, professional association, joint venture,
17 or other business association in which 50 percent or more of the
18 outstanding ownership was held, acquired, or sold;

19 (10) a list of all boards of directors of which the
20 individual is a member and executive positions that the individual
21 holds in corporations, firms, partnerships, limited partnerships,
22 limited liability partnerships, professional corporations,
23 professional associations, joint ventures, or other business
24 associations or proprietorships, stating the name of each
25 corporation, firm, partnership, limited partnership, limited
26 liability partnership, professional corporation, professional
27 association, joint venture, or other business association or

1 proprietorship and the position held;

2 (11) identification of any person providing
3 transportation, meals, or lodging expenses permitted under Section
4 36.07(b), Penal Code, and the amount of those expenses, other than
5 expenditures required to be reported under Chapter 305;

6 (12) any corporation, firm, partnership, limited
7 partnership, limited liability partnership, professional
8 corporation, professional association, joint venture, or other
9 business association, excluding a publicly held corporation, in
10 which both the individual and a person registered under Chapter 305
11 have an interest;

12 (13) identification by name and the category of the
13 number of shares of any mutual fund held or acquired, and if sold,
14 the category of the amount of net gain or loss realized from the
15 sale; and

16 (14) identification of each blind trust that complies
17 with Subsection (c), including:

18 (A) the category of the fair market value of the
19 trust;

20 (B) the date the trust was created;

21 (C) the name and address of the trustee; and

22 (D) a statement signed by the trustee, under
23 penalty of perjury, stating that:

24 (i) the trustee has not revealed any
25 information to the individual, except information that may be
26 disclosed under Subdivision (8); and

27 (ii) to the best of the trustee's knowledge,

1 the trust complies with this section.

2 SECTION 10. Section 572.023(b), Government Code, as
3 effective January 8, 2019, is amended to read as follows:

4 (b) The account of financial activity consists of:

5 (1) a list of all sources of occupational income,
6 identified by employer, or if self-employed, by the nature of the
7 occupation, including identification of a person or other
8 organization from which the individual or a business in which the
9 individual has a substantial interest received a fee as a retainer
10 for a claim on future services in case of need, as distinguished
11 from a fee for services on a matter specified at the time of
12 contracting for or receiving the fee, if professional or
13 occupational services are not actually performed during the
14 reporting period equal to or in excess of the amount of the
15 retainer, and the category of the amount of the fee;

16 (2) identification by name and the category of the
17 greatest number of shares of stock of any nonpublicly traded
18 business entity held or acquired, and if sold, the category of the
19 amount of net gain or loss realized from the sale;

20 (2-a) identification by stock symbol and the category
21 of the number of shares of stock of any publicly traded corporation
22 held;

23 (3) a list of all bonds, notes, and other commercial
24 paper held or acquired, and if sold, the category of the amount of
25 net gain or loss realized from the sale;

26 (4) identification of each source and the category of
27 the amount of income in excess of \$500 derived from each source from

1 interest, dividends, royalties, and rents;

2 (5) identification of each guarantor of a loan and
3 identification of each person or financial institution to whom a
4 personal note or notes or lease agreement for a total financial
5 liability in excess of \$1,000 existed at any time during the year
6 and the category of the amount of the liability;

7 (6) identification by description of all beneficial
8 interests in real property and business entities held or acquired,
9 and if sold, the category of the amount of the net gain or loss
10 realized from the sale;

11 (7) identification of a person or other organization
12 from which the individual or the individual's spouse or dependent
13 children received a gift of anything of value in excess of \$250 and
14 a description of each gift, except:

15 (A) a gift received from an individual related to
16 the individual at any time within the second degree by
17 consanguinity or affinity, as determined under Subchapter B,
18 Chapter 573;

19 (B) a political contribution that was reported as
20 required by Chapter 254, Election Code; and

21 (C) an expenditure required to be reported by a
22 person required to be registered under Chapter 305;

23 (8) identification of the source and the category of
24 the amount of all income received as beneficiary of a trust, other
25 than a blind trust that complies with Subsection (c), and
26 identification of each trust asset, if known to the beneficiary,
27 from which income was received by the beneficiary in excess of \$500;

1 (9) identification:

2 (A) by description of a corporation, firm,
3 partnership, limited partnership, limited liability partnership,
4 professional corporation, professional association, joint venture,
5 or other business association in which five percent or more of the
6 outstanding ownership was held, acquired, or sold; and

7 (B) by description and the category of the amount
8 of all assets and liabilities of a corporation, firm, partnership,
9 limited partnership, limited liability partnership, professional
10 corporation, professional association, joint venture, or other
11 business association in which 50 percent or more of the outstanding
12 ownership was held, acquired, or sold;

13 (10) a list of all boards of directors of which the
14 individual is a member and executive positions that the individual
15 holds in corporations, firms, partnerships, limited partnerships,
16 limited liability partnerships, professional corporations,
17 professional associations, joint ventures, or other business
18 associations or proprietorships, stating the name of each
19 corporation, firm, partnership, limited partnership, limited
20 liability partnership, professional corporation, professional
21 association, joint venture, or other business association or
22 proprietorship and the position held;

23 (11) identification of any person providing
24 transportation, meals, or lodging expenses permitted under Section
25 [36.07\(b\)](#), Penal Code, and the amount of those expenses, other than
26 expenditures required to be reported under Chapter 305;

27 (12) any corporation, firm, partnership, limited

1 partnership, limited liability partnership, professional
2 corporation, professional association, joint venture, or other
3 business association, excluding a publicly held corporation, in
4 which both the individual and a person registered under Chapter 305
5 have an interest;

6 (13) identification by name and the category of the
7 number of shares of any mutual fund held or acquired, and if sold,
8 the category of the amount of net gain or loss realized from the
9 sale;

10 (14) identification of each blind trust that complies
11 with Subsection (c), including:

12 (A) the category of the fair market value of the
13 trust;

14 (B) the date the trust was created;

15 (C) the name and address of the trustee; and

16 (D) a statement signed by the trustee, under
17 penalty of perjury, stating that:

18 (i) the trustee has not revealed any
19 information to the individual, except information that may be
20 disclosed under Subdivision (8); and

21 (ii) to the best of the trustee's knowledge,
22 the trust complies with this section;

23 (15) if the aggregate cost of goods or services sold
24 under one or more written contracts described by this subdivision
25 exceeds \$10,000 in the year covered by the report, identification
26 of each written contract, including the name of each party to the
27 contract:

1 (A) for the sale of goods or services in the
2 amount of \$2,500 or more;

3 (B) to which the individual, the individual's
4 spouse, the individual's dependent child, or any business entity of
5 which the individual, the individual's spouse, or the individual's
6 dependent child, independently or in conjunction with one or more
7 persons described by this subsection, has at least a 50 percent
8 ownership interest is a party; and

9 (C) with:

10 (i) a governmental entity; or

11 (ii) a person who contracts with a
12 governmental entity, if the individual or entity described by
13 Paragraph (B) performs work arising out of the contract,
14 subcontract, or agreement between the person and the governmental
15 entity for a fee; and

16 (16) if the individual is a member of the legislature
17 and provides bond counsel services to an issuer, as defined by
18 Section [1201.002\(1\)](#), identification of the following for each
19 issuance for which the individual served as bond counsel:

20 (A) the amount of the issuance;

21 (B) the name of the issuer;

22 (C) the date of the issuance;

23 (D) the amount of fees paid to the individual,
24 and whether the amount is:

25 (i) less than \$5,000;

26 (ii) at least \$5,000 but less than \$10,000;

27 (iii) at least \$10,000 but less than

1 \$25,000; or

2 (iv) \$25,000 or more; and

3 (E) the amount of fees paid to the individual's
4 firm, if applicable, and whether the amount is:

5 (i) less than \$5,000;

6 (ii) at least \$5,000 but less than \$10,000;

7 (iii) at least \$10,000 but less than

8 \$25,000; or

9 (iv) \$25,000 or more.

10 SECTION 11. Subchapter B, Chapter 572, Government Code, is
11 amended by adding Section 572.0292 to read as follows:

12 Sec. 572.0292. RECORDKEEPING REQUIRED. (a) Each
13 individual who files with the commission a financial statement
14 required by this subchapter shall maintain a record of the
15 information that is necessary for filing the financial statement.

16 (b) An individual required to maintain a record under this
17 section shall preserve the record for at least three years
18 beginning on the filing deadline for the financial statement
19 containing the information in the record.

20 SECTION 12. The heading to Section 572.030, Government
21 Code, is amended to read as follows:

22 Sec. 572.030. PREPARATION [~~AND MAILING~~] OF FORMS; NOTICE OF
23 FILING REQUIREMENTS.

24 SECTION 13. Sections 572.030(b), (c), and (d), Government
25 Code, are amended to read as follows:

26 (b) The commission shall notify [~~mail to~~] each individual
27 required to file under this subchapter of [~~a notice that~~]:

1 (1) the requirement [~~states~~] that the individual [~~is~~
2 ~~required to~~] file a financial statement under this subchapter;

3 (2) [~~identifies~~] the filing dates for the financial
4 statement as provided by Sections 572.026 and 572.027; and

5 (3) [~~describes~~] the manner in which the individual may
6 electronically file the financial statement and access
7 instructions for filing financial statements on [~~obtain the~~
8 ~~financial statement forms and instructions from~~] the commission's
9 Internet website[+]

10 [~~(4) states that on request of the individual, the~~
11 ~~commission will mail to the individual a copy of the financial~~
12 ~~statement forms and instructions; and~~

13 [~~(5) states, if applicable, the fee for mailing the~~
14 ~~forms and instructions and the manner in which the individual may~~
15 ~~pay the fee~~].

16 (c) Except as provided by commission rule, the notification
17 [~~The notice~~] required by Subsection (b) must be provided [~~mailed~~]:

18 (1) before the 30th day before the deadline for filing
19 the financial statement under Section 572.026(a) or (c), except as
20 otherwise provided by this subsection;

21 (2) not later than the 15th day after the applicable
22 deadline for filing an application for a place on the ballot or a
23 declaration of write-in candidacy for candidates required to file
24 under Section 572.027(a), (b), or (c);

25 (3) not later than the seventh day after the date of
26 appointment for individuals required to file under Section
27 572.026(b), or if the legislature is in session, sooner if

1 possible; and

2 (4) not later than the fifth day after the date the
3 certificate of nomination is filed for candidates required to file
4 under Section 572.027(d) [~~574.027(d)~~].

5 (d) Except as provided by commission rule, the [~~The~~]
6 commission shall mail a copy of the financial statement forms and
7 instructions to an individual not later than the third business day
8 after the date the commission receives the individual's request for
9 the forms and instructions.

10 SECTION 14. Section 572.032, Government Code, is amended by
11 amending Subsection (a) and adding Subsection (d) to read as
12 follows:

13 (a) Financial statements filed under this subchapter are
14 public records. The commission shall maintain the statements in
15 separate alphabetical files and in a manner that is accessible to
16 the public during regular office hours and make the statements
17 available to the public on the commission's website not later than
18 the 15th day after the date the statement is required to be filed or
19 is actually filed, whichever is later.

20 (d) The commission is not required to continue to make
21 available on its website a financial statement that may be
22 destroyed under Subsection (c). The commission may not make
23 available on its website a financial statement that the commission
24 is required to destroy under Subsection (c).

25 SECTION 15. Section 572.032(a-1), Government Code, as
26 amended by H.B. 776 and S.B. 1576, Acts of the 85th Legislature,
27 Regular Session, 2017, is reenacted and amended to read as follows:

1 (a-1) The commission shall remove the home address, the
2 telephone number, and the names of the dependent children of an
3 individual from a financial statement filed by the individual under
4 this subchapter before:

5 (1) permitting a member of the public to view the
6 statement;

7 (2) providing a copy of the statement to a member of
8 the public; or

9 (3) making the statement available to the public on
10 the commission's Internet website[~~, if the commission makes~~
11 ~~statements filed under this subchapter available on its website~~].

12 SECTION 16. The following provisions are repealed:

13 (1) Section 253.037, Election Code; and

14 (2) Sections 302.017, 302.019, and 572.032(b),
15 Government Code.

16 SECTION 17. Section 253.006, Election Code, as added by
17 this Act, applies only to a political contribution or a political
18 expenditure made on or after the effective date of this Act.

19 SECTION 18. The changes in law made by this Act to Chapter
20 572, Government Code, apply only to a financial statement due on or
21 after the effective date of this Act. A financial statement due
22 before the effective date of this Act is governed by the law in
23 effect on the date the financial statement was due, and the former
24 law is continued in effect for that purpose.

25 SECTION 19. This Act takes effect December 1, 2017.