

# SENATE AMENDMENTS

**2<sup>nd</sup> Printing**

By: Capriglione, Button, González of El Paso,  
Fallon

H.B. No. 501

A BILL TO BE ENTITLED

AN ACT

relating to the disclosure of certain contracts, agreements,  
services, and compensation in personal financial statements filed  
by public officers and candidates.

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

SECTION 1. Section 572.023, Government Code, is amended by  
amending Subsection (b) and adding Subsections (e), (f), and (g) to  
read as follows:

(b) The account of financial activity consists of:

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

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

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

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

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

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

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

20                   (A) a gift received from an individual related to  
21 the individual at any time within the second degree by  
22 consanguinity or affinity, as determined under Subchapter B,  
23 Chapter 573;

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

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

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

6           (9) identification:

7                 (A) by description of a corporation, firm,  
8 partnership, limited partnership, limited liability partnership,  
9 professional corporation, professional association, joint venture,  
10 or other business association in which five percent or more of the  
11 outstanding ownership was held, acquired, or sold; and

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

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

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

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

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

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

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

19                   (B) the date the trust was created;

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

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

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

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

1           (15) if the aggregate cost of goods or services sold  
2 under one or more written contracts described by this subdivision  
3 exceeds \$10,000 in the year covered by the report, identification  
4 of each written contract, including the name of each party to the  
5 contract:

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

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

14                   (C) with:

15                           (i) a governmental entity; or

16                           (ii) a person who contracts with a  
17 governmental entity, if the individual or entity described by  
18 Paragraph (B) performs work arising out of the contract,  
19 subcontract, or agreement between the person and the governmental  
20 entity for a fee; and

21           (16) if the individual is a member of the legislature  
22 and provides bond counsel services to an issuer, as defined by  
23 Section 1201.002(1), identification of the following for each  
24 issuance for which the individual served as bond counsel:

25                   (A) the amount of the issuance;

26                   (B) the name of the issuer;

27                   (C) the date of the issuance;

1                   (D) the amount of fees paid to the individual,  
2 and whether the amount is:

- 3                               (i) less than \$5,000;  
4                               (ii) at least \$5,000 but less than \$10,000;  
5                               (iii) at least \$10,000 but less than  
6 \$25,000; or  
7                               (iv) \$25,000 or more; and

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

- 10                               (i) less than \$5,000;  
11                               (ii) at least \$5,000 but less than \$10,000;  
12                               (iii) at least \$10,000 but less than  
13 \$25,000; or  
14                               (iv) \$25,000 or more.

15           (e) In this section, "governmental entity" means this  
16 state, a political subdivision of the state, or an agency or  
17 department of the state or a political subdivision of the state.

18           (f) Subsection (b)(15) does not require the disclosure of an  
19 employment contract between a school district or open-enrollment  
20 charter school and an employee of the district or school.

21           (g) An individual who complies with any applicable  
22 requirements of Sections 51.954 and 51.955, Education Code, and  
23 Section 2252.908 of this code, in an individual capacity or as a  
24 member or employee of an entity to which those sections apply, is  
25 not required to include in the account of financial activity the  
26 information described by Subsection (b)(15) unless specifically  
27 requested by the commission to include the information.

SECTION 2. Section 572.0252, Government Code, is amended to read as follows:

Sec. 572.0252. INFORMATION ABOUT REFERRALS. (a) A state officer ~~[who is an attorney]~~ shall report on the financial statement, unless otherwise confidential or privileged:

(1) agreements with a governmental entity, as defined by Section 572.023(e), for making or receiving any referral for compensation for ~~[legal]~~ services, if the state officer personally enters into the agreement or directly performs the services; ~~and~~

(2) the date the referral is made or received;

(3) the style of the case referred, if applicable; and

(4) the percentage of the fee paid or received that was agreed to between the parties to the referral as the referral fee, or if the referral fee is not determined as a percentage of the fee for services, the agreed amount of the fee paid or received ~~[the category of the amount of any fee accepted for making a referral for legal services]~~.

(b) Subsection (a) does not apply to a judicial appointment made in a civil, family, or criminal proceeding, including an appointment as a guardian ad litem or attorney ad litem.

SECTION 3. The changes in law made by this Act to Section 572.0252, Government Code, apply only to an agreement for making or receiving a referral entered into on or after the effective date of this Act. An agreement entered into before the effective date of this Act is governed by the law in effect when the agreement was entered into, and the former law is continued in effect for that purpose.

1           SECTION 4. The changes in law made by this Act to Subchapter  
2 B, Chapter 572, Government Code, apply only to a financial  
3 statement filed under Subchapter B, Chapter 572, Government Code,  
4 as amended by this Act, on or after January 8, 2019. A financial  
5 statement filed before January 8, 2019, is governed by the law in  
6 effect on the date of filing, and the former law is continued in  
7 effect for that purpose.

8           SECTION 5. This Act takes effect January 8, 2019.



ADOPTED

MAY 22 2017

*Letty Spaw*  
Secretary of the Senate

By: Capriglione / Taylor, Van

H.B. No. 501

Substitute the following for H.B. No. 501:

By: *[Signature]*

C.S. H.B. No. 501

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the disclosure of certain contracts, services, and  
3 compensation in personal financial statements filed by public  
4 officers and candidates.

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

6 SECTION 1. Section 572.023, Government Code, is amended by  
7 amending Subsection (b) and adding Subsections (e) and (f) to read  
8 as follows:

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

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

21 (2) identification by name and the category of the  
22 number of shares of stock of any business entity held or acquired,  
23 and if sold, the category of the amount of net gain or loss realized  
24 from the sale;

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

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

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

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

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

20                   (A) a gift received from an individual related to  
21 the individual at any time within the second degree by  
22 consanguinity or affinity, as determined under Subchapter B,  
23 Chapter 573;

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

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

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

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

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

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

26           (12) any corporation, firm, partnership, limited  
27 partnership, limited liability partnership, professional

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

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

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

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

13 (B) the date the trust was created;

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

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

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

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

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

27 (A) for the sale of goods or services in the

1 amount of \$2,500 or more;

2 (B) to which the individual, the individual's  
3 spouse, the individual's dependent child, or any business entity of  
4 which the individual, the individual's spouse, or the individual's  
5 dependent child has at least a 50 percent ownership interest is a  
6 party; and

7 (C) with:

8 (i) a governmental entity; or

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

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

18 (A) the amount of the issuance;

19 (B) the name of the issuer;

20 (C) the date of the issuance;

21 (D) the amount of fees paid to the individual,  
22 and whether the amount is:

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

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

25 (iii) at least \$10,000 but less than  
26 \$25,000; or

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

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

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

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

5                               (iii) at least \$10,000 but less than  
6 \$25,000; or

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

8           (e) In this section, "governmental entity" means this  
9 state, a political subdivision of the state, or an agency or  
10 department of the state or a political subdivision of the state.

11           (f) Subsection (b)(15) does not require the disclosure of an  
12 employment contract between a school district or open-enrollment  
13 charter school and an employee of the district or school.

14           SECTION 2. Section 572.0252, Government Code, is amended to  
15 read as follows:

16           Sec. 572.0252. INFORMATION ABOUT LEGAL REFERRALS. (a) In  
17 this section, "referral for compensation" means the referral of a  
18 legal matter by an attorney to another attorney under which the  
19 attorney receiving the compensation is not responsible for  
20 performing any legal work relating to the matter. The term does not  
21 include compensation for acting as co-counsel, of counsel, or local  
22 counsel.

23           (b) This section applies only to a referral made to or  
24 received from a person if during the period covered by the financial  
25 statement the total amount of compensation for all referrals made  
26 to or received from that person exceeds \$2,500.

27           (c) A state officer who is an attorney shall report on the

1 financial statement:

2 (1) making or receiving any referral for compensation  
3 for legal services; ~~and~~

4 (2) the date the referral is made or received;

5 (3) the style of the case referred, if applicable; and

6 (4) the percentage of the legal fee paid or received  
7 that was agreed to between the parties to the referral as the  
8 referral fee or, if the referral fee is not determined as a  
9 percentage of the legal fee, the agreed amount of the fee paid or  
10 received ~~[the category of the amount of any fee accepted for making~~  
11 ~~a referral for legal services]~~.

12 SECTION 3. Subchapter B, Chapter 572, Government Code, is  
13 amended by adding Section 572.0295 to read as follows:

14 Sec. 572.0295. AMENDMENT OF FINANCIAL STATEMENT. (a) A  
15 person who files a financial statement under this chapter may amend  
16 the person's statement.

17 (b) A financial statement that is amended is considered to  
18 have been filed on the date on which the original statement was  
19 filed if:

20 (1) the amendment is made on or before the 14th day  
21 after the date the person filing the statement learns of an error or  
22 omission in the original statement;

23 (2) the original financial statement was made in good  
24 faith and without an intent to mislead or to misrepresent the  
25 information contained in the statement; and

26 (3) the person filing the amendment accompanies the  
27 amendment with a declaration that:

1                   (A) the person became aware of the error or  
2 omission in the original statement during the preceding 14 days;  
3 and

4                   (B) the original statement was made in good faith  
5 and without intent to mislead or to misrepresent the information  
6 contained in the statement.

7           SECTION 4. The changes in law made by this Act to Subchapter  
8 B, Chapter 572, Government Code, apply only to a financial  
9 statement filed under Subchapter B, Chapter 572, Government Code,  
10 as amended by this Act, on or after January 8, 2019. A financial  
11 statement filed before January 8, 2019, is governed by the law in  
12 effect on the date of filing, and the former law is continued in  
13 effect for that purpose.

14           SECTION 5. This Act takes effect January 8, 2019.



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 22, 2017**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB501** by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),  
**As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 356 Texas Ethics Commission

**LBB Staff:** UP, SD, KK, NV, GGo, AG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 19, 2017**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB501** by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),  
**Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 356 Texas Ethics Commission

**LBB Staff:** UP, KK, NV, GGo, AG

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 14, 2017**

**TO:** Honorable Joan Huffman, Chair, Senate Committee on State Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB501** by Capriglione (Relating to the disclosure of certain contracts, agreements, services, and compensation in personal financial statements filed by public officers and candidates.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 356 Texas Ethics Commission

**LBB Staff:** UP, AG, NV, GGo, KK, WP

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 18, 2017**

**TO:** Honorable Sarah Davis, Chair, House Committee on General Investigating & Ethics

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB501** by Capriglione (relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),  
**Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 356 Texas Ethics Commission

**LBB Staff:** UP, KK, WP, GGo, NV

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 6, 2017**

**TO:** Honorable Sarah Davis, Chair, House Committee on General Investigating & Ethics

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB501** by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),  
**As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 356 Texas Ethics Commission

**LBB Staff:** UP, KK, NV, GGo