

BILL ANALYSIS

C.S.S.B. 702
By: Bettencourt
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised about the adequacy of financial reporting requirements for political subdivisions and other public entities that hire lobbyists or contribute dues to lobbying associations. It has been suggested that the existing reporting requirements do not provide for sufficient transparency as it is difficult for taxpayers and ratepayers to determine the level of expenditures made for lobbying purposes. C.S.S.B. 702 seeks to address these concerns by establishing requirements for certain political subdivisions and other public entities relating to the authorization and reporting of expenditures for lobbying activities.

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 rulemaking authority is expressly granted to Texas Ethics Commission in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.S.B. 702 amends the Government Code to restrict expenditure of money controlled by a public institution of higher education to employ or contract with an individual who is required by state law to register as a lobbyist by requiring the expenditure to be authorized by a majority vote of the governing body as a stand-alone item on the agenda of the meeting at which the expenditure is authorized. The bill requires an institution that authorized such spending to report to the Texas Ethics Commission (TEC) and publish on the institution's website certain information relating to the expenditure, including the amount of public money spent on membership fees or dues of any state nonprofit association or organization of institutions of higher education that employs or contracts with an individual who is required under state law to register as a lobbyist, if the amount of public money spent exceeds \$10,000. The bill requires the TEC to adopt rules to implement these requirements, including rules governing the filing dates for the required reports.

C.S.S.B. 702 amends the Local Government Code to restrict the expenditure of money by certain political subdivisions and other public entities, as specified by the bill, to directly or indirectly influence or attempt to influence the outcome of any legislation pending before the legislature by requiring such an expenditure to be authorized by a majority vote of the governing body of the political subdivision or entity in an open meeting of the governing body. The bill requires the expenditure to be voted on by the governing body as a stand-alone item on the agenda at the meeting. The bill requires an applicable political subdivision or entity to publish on its website and report to the TEC the following information:

- the amount of money authorized for the purpose of directly or indirectly influencing or

attempting to influence the outcome of any legislation pending before the legislature;

- the name of any person retained or employed by the political subdivision or entity for such a purpose who is required to register under statutory provisions relating to lobbyist registration; and
- an electronic copy of any contract for services for such a purpose that is entered into by the political subdivision or entity with such a registrant.

The bill requires the TEC to make available to the public on the TEC website an easily searchable database containing these required reports.

C.S.S.B. 702 requires an applicable political subdivision or entity to publish on its website and report to the TEC the amount of public money spent for membership fees and dues of any nonprofit state association or organization of similarly situated political subdivisions or entities that directly or indirectly influences or attempts to influence the outcome of any legislation pending before the legislature, if the amount of public money spent exceeds \$10,000.

C.S.S.B. 702 establishes that, if an applicable political subdivision or entity does not comply with the bill's provisions, a person who is a taxpayer of the political subdivision or entity or who is served by or receives services from the political subdivision or entity is entitled to appropriate injunctive relief to prevent further activity in violation of those provisions. The bill exempts the following persons from the application of these provisions regarding expenditures for lobbying activities by an applicable subdivision or entity:

- an officer or employee of an applicable political subdivision or entity who appears before a legislative committee at the written request of the committee or a member of the legislature and does not take a position on any legislation; and
- a person who is exempt from lobbyist registration requirements on the grounds that the person's only direct communication with a member of the legislative or executive branch to influence legislation or administrative action is an appearance before or testimony to one or more members of the applicable branch in a certain hearing and who does not receive special or extra compensation for the appearance other than actual expenses incurred.

C.S.S.B. 702 authorizes the TEC to adopt rules to implement the bill's provisions regarding expenditures for lobbying activities by an applicable subdivision or entity, including rules governing the filing dates for the required reports.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 702 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute includes Government Code provisions specifically applicable to certain expenditures by a public institution of higher education for lobbying purposes.

The substitute, with regard to the bill's provisions relating to expenditures for lobbying activities by certain political subdivisions and other local public entities, makes the following revisions:

- specifies a \$10,000 threshold for reporting and publication requirements relating to expenditures for membership fees and dues of any nonprofit state association or organization of similarly situated political subdivisions or entities that engages in certain lobbying activities;

- includes as an additional person to whom those provisions do not apply a person who is exempt from lobbyist registration requirements on certain grounds; and
- authorizes the TEC to adopt rules to implement those bill provisions relating to expenditures for lobbying activities by certain political subdivisions and other local public entities, including rules governing certain reporting dates.