

BILL ANALYSIS

Senate Research Center

H.B. 4053
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

By law, officeholders and candidates for public office must file personal financial statements with the Texas Ethics Commission, which helps ensure that elected officials do not have direct or indirect conflicts of interest that may impact their duties.

The current personal financial statement is a confusing, redundant, and tedious document that may require retaining an attorney to properly complete without error. While the annual requirement for officeholders and candidates to complete and submit the statement is an important resource to ensure transparency and avoid conflicts of interest, the required contents for the statement could be streamlined and still serve this purpose. For instance, while the public has a right to know the filer's sources of income, the amount of a specific source of income or the sale of a particular asset are not further determinants of potential conflicts of interest than knowledge of the source itself.

H.B. 4053 seeks to streamline the requirements for a personal financial statement and make the disclosure process simpler for all parties involved.

H.B. 4053 amends current law relating to the contents of the personal financial statement filed by public officers and candidates.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 572.022(c), Government Code, as follows:

(c) Requires the individual filing the statement to report a description of real property by reporting the names of all persons retaining an interest in the property, excluding the name of a person with an interest in the property that holds a mortgage on the property that is otherwise required to be reported in the statement.

SECTION 2. Amends Section 572.023, Government Code, by amending Subsection (b) and adding Subsections (b-1), (h), (i), and (j), as follows:

(b) Provides that the account of financial activity consists of certain information, including identification by name and the category of the value of shares of stock of any business entity held or acquired, except as provided by Subsection (j); a list of all bonds, notes, and other commercial paper held or acquired, except as provided by Subsection (j); a list of all boards of directors of which the individual is a member and from which the individual receives compensation and executive positions, only if the executive position held is president, vice president, secretary, treasurer, or chairman, that the individual holds in corporations, firms, partnerships, limited partnerships, limited liability partnerships, professional corporations, professional associations, joint ventures, or other business associations or proprietorships, stating the name of each corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation,

professional association, joint venture, or other business association or proprietorship and the position held; and identification by name and the category of the value of shares of any mutual fund held or acquired, except as provided by Subsection (j). Deletes existing text providing that the account of financial activity includes the category of the amount of a certain fee, the category of the number of shares of stock of any business entity held or acquired, if sold, the category of the amount of net gain or loss realized from the sale; if sold, the category of the amount of net gain or loss realized from the sale of all interests in real property and business entities; and identification by description of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which five percent or more of the outstanding ownership was held, acquired, or sold; the category of the amount of net gain or loss realized from the sale of any mutual fund; and the category of the fair market value of the trust. Makes nonsubstantive and conforming changes.

(b-1) Requires an individual required to file the statement, notwithstanding Section 572.022 (Reporting Categories; Required Descriptions) and for the purpose of reporting an amount in a financial statement by category under Subsection (b), to report whether the amount is:

- (1) less than \$25,000; or
- (2) \$25,000 or more.

(h) Defines "asset" and "liability."

(i) Requires the Texas Ethics Commission (TEC), in prescribing the form and reporting requirements for a financial statement filed under Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest), to ensure redundancies in reporting are reduced by combining, as appropriate, reporting categories and limiting the need to report information multiple times.

(j) Provides that an individual whose financial activity described by those subdivisions is managed by a disinterested third party, for purposes of certain subsections, is not required to report that information if the individual submits with the financial statement a sworn statement that:

- (1) includes the name and address of the third party; and
- (2) is signed by the third party under penalty of perjury affirming that the third party manages the relevant assets without the individual's input as to holding or acquiring specific assets.

SECTION 3. Amends Section 572.024, Government Code, as follows:

Sec. 572.024. INFORMATION ABOUT SERVICES FOR LOBBYISTS OR LOBBYIST EMPLOYERS. Requires a state officer who receives a fee for services rendered by the officer to or on behalf of a person required to be registered under a certain chapter or to or on behalf of a person or entity that the officer actually knows directly compensates or reimburses a person required to be registered under a certain chapter, to report on the financial statement:

- (1) creates this subdivision from existing text and makes a nonsubstantive change;
- (2) whether the amount of each fee is, rather than the category of the amount of each fee:
 - (A) less than \$25,000; or
 - (B) \$25,000 or more.

SECTION 4. Amends Section 572.025, Government Code, as follows:

Sec. 572.025. INFORMATION ABOUT LEGISLATORS' REPRESENTATION BEFORE EXECUTIVE STATE AGENCIES. Requires a member of the legislature who represents another person for compensation before an executive state agency to report on the financial statement:

(1)-(2) makes no change to these subdivisions; and

(3) whether the amount of compensation received by the member for that representation is:

(A) less than \$25,000; or

(B) \$25,000 or more.

Makes a conforming change.

SECTION 5. Repealer: Section 572.022(b) (relating to requiring the individual filing the statement to report an amount of stock by category of number of shares instead of by category of dollar value and to report the amount of shares), Government Code.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: September 1, 2023.