

BILL ANALYSIS

H.B. 4053
By: Johnson, Julie
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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.

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

H.B. 4053 amends the Government Code to revise the provisions relating to the personal financial statements filed by state officers, candidates for elected office, and state party chairs as follows:

- with respect to the account of financial activity included in a personal financial statement:
 - removes the requirement for the individual to categorize the amount of any of the following being reported:
 - a fee received as a retainer;
 - the net gain or loss realized from the sale of any shares of stock held;
 - the net gain or loss realized from the sale of any bonds, notes, or other commercial paper held;
 - income from each reportable source from interest, dividends, royalties, and rents;

- total financial liability in excess of \$1,000 that existed at any time during the year;
- the net gain or loss realized from the sale of any beneficial interests in real property and business entities held;
- all income received as beneficiary of a trust, other than a blind trust;
- all assets and liabilities of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which 50 percent or more of the outstanding ownership was held, acquired, or sold;
- the net gain or loss realized from the sale of any mutual fund held; and
- the market value of any blind trust;
- removes the requirement for an individual to categorize the number of shares of stock held or acquired in a business entity and the number of shares of any mutual fund held or acquired;
- removes the requirement for an individual to identify by description a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which at least five but less than 50 percent of the outstanding ownership was held, acquired, or sold;
- limits the circumstances under which a position on the board of directors of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association or proprietorship must be reported to only when the board position is compensated;
- limits the circumstances under which an executive position held in a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association or proprietorship must be reported to only when the position held is that of president, vice president, secretary, treasurer, or chairman;
- removes from the information that a member of the legislature who provides bond counsel services to an issuer must report for each issuance for which the member served as bond counsel the date of the issuance and the amount of fees paid to the member and to the member's firm;
- defines, for purposes of the requirement to report all assets and liabilities of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which 50 percent or more of the outstanding ownership was held, acquired, or sold, "asset" as a separate business entity, cash, or real and personal property and "liability" as a note, line of credit, lien, or corporate lease; and
- exempts an individual from the requirement to report information related to any stocks, bonds, notes, other commercial paper, and mutual funds held or acquired if these assets are managed by a disinterested third party and the individual submits a sworn statement that includes the third party's name and address and a signature from 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;
- with respect to a description of real property included in the statement, excludes from the persons retaining an interest in real property that must be named a person with an interest in a property that holds a mortgage on the property that is otherwise required to be reported in the statement;
- removes the requirement for a state officer reporting receipt of a fee for services rendered to or on behalf of a person required by state law to register as a lobbyist or to or on behalf of a person or entity that the officer actually knows directly compensates or reimburses a lobbyist to categorize the amount of each fee;

- removes the requirement for a member of the legislature who reports having represented another person for compensation before an executive branch state agency to categorize the amount of compensation received by the member for that representation; and
- requires the Texas Ethics Commission, in prescribing the form and reporting requirements for a personal financial statement, to ensure redundancies in reporting are reduced by combining, as appropriate, reporting categories and limiting the need to report information multiple times.

The bill's provisions apply only to a financial statement filed on or after the bill's effective date.

H.B. 4053 repeals Section 572.022(b), Government Code.

EFFECTIVE DATE

September 1, 2023.