

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30, 2015  
Date

Honorable Dan Patrick  
President of the Senate

Honorable Joe Straus  
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on House Bill 3736 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Joan Huffman  
JOAN HUFFMAN

Brandon Creighton  
BRANDON CREIGHTON

Jake Nelson  
JAKE NELSON

Van Taylor  
VAN TAYLOR

On the part of the Senate  
JUDITH ZAFFIRINI

J. Cozzolino  
J. Cozzolino

Charlie Geren  
Charlie Geren

Chris Turner  
CHRIS TURNER

Sarah Davis  
On the part of the House  
SARAH DAVIS

## Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.



# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

H.B. No. 3736

A BILL TO BE ENTITLED

1 AN ACT

2 relating to conflicts of interest by members of state agency  
3 governing boards and governing officers and the contents and  
4 amendment of financial statements filed by certain persons;  
5 creating a criminal offense.

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

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

10 (a) A financial statement must include an account of the  
11 financial activity for the preceding calendar year of:

12 (1) any property characterized as separate property  
13 under Section 3.001, Family Code, of the individual required by  
14 this subchapter to file a financial statement;

15 (2) any community property of which the individual  
16 required by this subchapter to file a financial statement has sole  
17 management, control, and disposition as provided by Section  
18 3.102(a), Family Code;

19 (3) any community property of the individual required  
20 by this subchapter to file a financial statement, if the individual  
21 exercised both factual and legal control over the activity; and

22 (4) [an account of the financial activity of] the  
23 individual's [spouse and] dependent children if the individual  
24 exercised or held the right to exercise any degree of legal or

1 factual [~~had actual~~] control over that activity [~~for the preceding~~  
2 ~~calendar year~~].

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

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

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

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

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

25 (5) identification of each guarantor of a loan and  
26 identification of each person or financial institution to whom a  
27 personal note or notes or lease agreement for a total financial

1 liability in excess of \$1,000 existed at any time during the year  
2 and the category of the amount of the liability;

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

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

11 (A) a gift received from an individual related to  
12 the individual at any time within the second degree by  
13 consanguinity or affinity, as determined under Subchapter B,  
14 Chapter 573;

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

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

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

24 (9) identification by description and the category of  
25 the amount of all assets and liabilities of a corporation, firm,  
26 partnership, limited partnership, limited liability partnership,  
27 professional corporation, professional association, joint venture,

1 or other business association in which 50 percent or more of the  
2 outstanding ownership was held, acquired, or sold;

3 (10) a list of all boards of directors of which the  
4 individual is a member and executive positions that the individual  
5 holds in corporations, firms, partnerships, limited partnerships,  
6 limited liability partnerships, professional corporations,  
7 professional associations, joint ventures, or other business  
8 associations or proprietorships, stating the name of each  
9 corporation, firm, partnership, limited partnership, limited  
10 liability partnership, professional corporation, professional  
11 association, joint venture, or other business association or  
12 proprietorship and the position held;

13 (11) identification of any person providing  
14 transportation, meals, or lodging expenses permitted under Section  
15 36.07(b), Penal Code, and the amount of those expenses, other than  
16 expenditures required to be reported under Chapter 305;

17 (12) any corporation, firm, partnership, limited  
18 partnership, limited liability partnership, professional  
19 corporation, professional association, joint venture, or other  
20 business association, excluding a publicly held corporation, in  
21 which both the individual and a person registered under Chapter 305  
22 have an interest;

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

27 (14) identification of each blind trust that complies

1 with Subsection (c), including:

2 (A) the category of the fair market value of the  
3 trust;

4 (B) the date the trust was created;

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

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

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

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

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

18 (A) for the sale of:

19 (i) goods in the amount of \$2,500 or more;  
20 or

21 (ii) services, including professional  
22 services as defined by Section 2254.002, consulting services as  
23 defined by Section 2254.021, or legal counsel, in the amount of  
24 \$5,000 or more;

25 (B) to which the individual or any business  
26 entity of which the individual has at least a 50 percent ownership  
27 interest is a party; and

- 1                   (C) with:
- 2                    (i) a governmental entity; or
- 3                    (ii) a person who contracts with a
- 4 governmental entity, to fulfill one or more of the person's
- 5 obligations to the governmental entity under that contract;
- 6                    (16) if the individual is a member of the legislature
- 7 and provides bond counsel services to an issuer, as defined by
- 8 Section 1201.002(1), identification of the following for each
- 9 issuance for which the individual served as bond counsel:
- 10                   (A) the amount of the issuance;
- 11                   (B) the name of the issuer;
- 12                   (C) the date of the issuance;
- 13                   (D) the amount of fees paid to the individual,
- 14 and whether the amount is:
- 15                    (i) less than \$5,000;
- 16                    (ii) at least \$5,000 but less than \$10,000;
- 17                    (iii) at least \$10,000 but less than
- 18 \$25,000; or
- 19                    (iv) \$25,000 or more; and
- 20                    (E) the amount of fees paid to the individual's
- 21 firm, if applicable, and whether the amount is:
- 22                    (i) less than \$5,000;
- 23                    (ii) at least \$5,000 but less than \$10,000;
- 24                    (iii) at least \$10,000 but less than
- 25 \$25,000; or
- 26                    (iv) \$25,000 or more; and
- 27                    (17) identification of any other source of earned or



1 unearned income not reported under another provision of this  
2 subsection, including public benefits or a pension, individual  
3 retirement account, or other retirement plan, and the category of  
4 the amount of income derived from each source.

5 (e) In this section, "governmental entity" means the state,  
6 a political subdivision of the state, or an agency or department of  
7 the state or a political subdivision of the state.

8 SECTION 2. Subchapter B, Chapter 572, Government Code, is  
9 amended by adding Section 572.0295 to read as follows:

10 Sec. 572.0295. AMENDMENT OF STATEMENT. (a) A person who  
11 files a financial statement under this chapter may amend the  
12 statement.

13 (b) A financial statement that is amended before the eighth  
14 day after the date the original statement was filed is considered to  
15 have been filed on the date on which the original statement was  
16 filed.

17 SECTION 3. Subtitle B, Title 5, Government Code, is amended  
18 by adding Chapter 576 to read as follows:

19 CHAPTER 576. CONFLICT OF INTEREST BY STATE AGENCY GOVERNING BOARD  
20 MEMBER OR OFFICER

21 Sec. 576.001. DEFINITIONS. In this chapter:

22 (1) "Conflict of interest" means the conflict between  
23 an official decision made by a state agency governing board member  
24 or governing officer in the individual's official capacity and the  
25 individual's private financial interest in which the individual  
26 realizes any pecuniary gain, if the pecuniary gain accrued to the  
27 individual as a member of a class of persons, including an

1 occupation, profession, or industry, to a greater extent than any  
2 other member of the class.

3 (2) "Financial interest" means ownership or control,  
4 directly or indirectly, of an ownership interest of at least five  
5 percent in a person, including the right to share in profits,  
6 proceeds, or capital gains, or an ownership interest that an  
7 individual could reasonably foresee could result in any financial  
8 benefit to the individual. The term does not include an interest in  
9 a retirement plan, a blind trust, insurance coverage, or capital  
10 gains.

11 (3) "Rule" means all or part of a statement of a state  
12 agency that is of general or particular applicability and of future  
13 effect designed to implement, interpret, or prescribe law or policy  
14 for the state agency or to describe the organization, procedure, or  
15 practice requirements of the state agency.

16 (4) "State agency" means a board, commission, council,  
17 committee, department, office, agency, or other governmental  
18 entity in the executive branch of state government.

19 Sec. 576.002. DUTY TO DISCLOSE AND REFRAIN FROM  
20 PARTICIPATION. (a) Except as provided by Subsection (b) or (c), in  
21 each matter before the governing board of a state agency or, if the  
22 agency is not governed by a multimember governing board, the  
23 officer who governs the agency, for which a member of the board or  
24 officer, as applicable, has a conflict of interest, the individual:

25 (1) shall disclose in writing the conflict of interest  
26 to the agency; and

27 (2) may not participate in the decision on the matter.

1        (b) If a majority of the members of the governing board of a  
2 state agency has a conflict of interest related to a matter before  
3 the board or, if the agency is not governed by a multimember  
4 governing board, the officer who governs the agency has a conflict  
5 of interest on the matter, the board or officer may decide the  
6 matter only if:

7            (1) each member, or the officer, as applicable, who  
8 has a conflict of interest discloses in writing the conflict of  
9 interest to the agency; and

10           (2) the board, or officer, as applicable, makes a  
11 finding that an emergency exists that requires a decision on the  
12 matter despite the conflict of interest.

13        (c) The duty to disclose a conflict of interest and refrain  
14 from participation in the decision on a matter for a member of the  
15 governing board of an institution of higher education, as those  
16 terms are defined by Section 61.003, Education Code, is governed by  
17 Section 51.923, Education Code.

18        Sec. 576.003. PUBLIC INFORMATION. A written disclosure  
19 made under Section 576.002 is public information.

20        Sec. 576.004. REPORT TO TEXAS ETHICS COMMISSION; RULES.

21 (a) A state agency that receives a written disclosure under Section  
22 576.002 shall file a copy of the disclosure with the Texas Ethics  
23 Commission.

24        (b) The Texas Ethics Commission may adopt the rules  
25 necessary to implement this chapter, including rules on the  
26 disclosure to be filed with the commission under Subsection (a).

27        Sec. 576.005. CRIMINAL PENALTY. (a) An individual commits

1 an offense if the individual knowingly fails to comply with Section  
2 576.002.

3 (b) An offense under this section is a Class B misdemeanor.

4 Sec. 576.006. EXEMPTION. This chapter does not apply to:

5 (1) the consideration of a proposed rule; or

6 (2) a vote to adopt a proposed rule.

7 SECTION 4. Section 571.061(a), Government Code, is amended  
8 to read as follows:

9 (a) The commission shall administer and enforce:

10 (1) Chapters 302, 303, 305, 572, 576, and 2004;

11 (2) Subchapter C, Chapter 159, Local Government Code,  
12 in connection with a county judicial officer, as defined by Section  
13 159.051, Local Government Code, who elects to file a financial  
14 statement with the commission;

15 (3) Title 15, Election Code; and

16 (4) Sections 2152.064 and 2155.003.

17 SECTION 5. The changes in law made by this Act apply only to  
18 a financial statement filed under Subchapter B, Chapter 572,  
19 Government Code, as amended by this Act, on or after September 1,  
20 2015. A financial statement filed before September 1, 2015, is  
21 governed by the law in effect on the date of filing, and the former  
22 law is continued in effect for that purpose.

23 SECTION 6. This Act takes effect September 1, 2015.

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Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

*No equivalent provision.*

SENATE VERSION (IE)

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

(a) A financial statement must include an account of the financial activity for the preceding calendar year of:

(1) any property characterized as separate property under Section 3.001, Family Code, of the individual required by this subchapter to file a financial statement;

(2) any community property of which the individual required by this subchapter to file a financial statement has sole management, control, and disposition as provided by Section 3.102(a), Family Code;

(3) any community property of the individual required by this subchapter to file a financial statement, if the individual exercised both factual and legal control over the activity; and

(4) [an account of the financial activity of] the individual's [spouse and] dependent children if the individual exercised or held the right to exercise any degree of legal or factual [had actual] control over that activity [for the preceding calendar year].

(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;

CONFERENCE

SECTION 1. Substantially the same as Senate version.

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- (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;
- (3) a list of all bonds, notes, and other commercial paper held or acquired, and if sold, the category of the amount of net gain or loss realized from the sale;
- (4) identification of each source and the category of the amount of income in excess of \$500 derived from each source from interest, dividends, royalties, and rents;
- (5) identification of each guarantor of a loan and identification of each person or financial institution to whom a personal note or notes or lease agreement for a total financial liability in excess of \$1,000 existed at any time during the year and the category of the amount of the liability;
- (6) identification by description of all beneficial interests in real property and business entities held or acquired, and if sold, the category of the amount of the net gain or loss realized from the sale;
- (7) identification of a person or other organization from which the individual or the individual's spouse or dependent children received a gift of anything of value in excess of \$250 and a description of each gift, except:
  - (A) a gift received from an individual related to the individual at any time within the second degree by consanguinity or affinity, as determined under Subchapter B, Chapter 573;
  - (B) a political contribution that was reported as required by Chapter 254, Election Code; and
  - (C) an expenditure required to be reported by a person required to be registered under Chapter 305;
- (8) identification of the source and the category of the amount of all income received as beneficiary of a trust, other than a

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blind trust that complies with Subsection (c), and identification of each trust asset, if known to the beneficiary, from which income was received by the beneficiary in excess of \$500;

(9) identification by description and the category of the amount of 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;

(10) a list of all boards of directors of which the individual is a member and executive positions 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;

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

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

(13) identification by name and the category of the number of

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SENATE VERSION (IE)

CONFERENCE

shares of any mutual fund held or acquired, and if sold, the category of the amount of net gain or loss realized from the sale; ~~and~~

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

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

(B) the date the trust was created;

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

(D) a statement signed by the trustee, under penalty of perjury, stating that:(i) the trustee has not revealed any information to the individual, except information that may be disclosed under Subdivision (8); and(ii) to the best of the trustee's knowledge, the trust complies with this section;

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

(A) for the sale of:

(i) goods in the amount of \$2,500 or more; or

(ii) services, including professional services as defined by Section 2254.002, consulting services as defined by Section 2254.021, or legal counsel, in the amount of \$5,000 or more;

(B) to which the individual or any business entity of which the individual has at least a 50 percent ownership interest is a party; and

(C) with:

(i) a governmental entity; or

(ii) a person who contracts with a governmental entity, to fulfill one or more of the person's obligations to the governmental entity under that contract;

(16) if the individual is a member of the legislature and



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provides bond counsel services to an issuer, as defined by Section 1201.002(1), identification of the following for each issuance for which the individual served as bond counsel:

(A) the amount of the issuance;

(B) the name of the issuer;

(C) the date of the issuance;

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

(i) less than \$5,000;

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

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

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

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

(i) less than \$5,000;

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

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

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

(17) identification of any other source of earned or unearned income not reported under another provision of this subsection, including public benefits or a pension, individual retirement account, or other retirement plan, and the category of the amount of income derived from each source.

(e) In this section, "governmental entity" means the state, a political subdivision of the state, or an agency or department of the state or a political subdivision of the state. [FA2]

*No equivalent provision.*

SECTION \_\_. Section 572.0252, Government Code, is amended. [FA2]

Same as House version.

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*No equivalent provision.*

SECTION 1. Subtitle B, Title 5, Government Code, is amended by adding Chapter 576 to read as follows:  
CHAPTER 576. CONFLICT OF INTEREST BY STATE AGENCY GOVERNING BOARD MEMBER OR OFFICER  
Sec. 576.001. DEFINITIONS. In this chapter:  
(1) "Conflict of interest" means the conflict between an official decision made by a state agency governing board member or governing officer in the individual's official capacity and the individual's private financial interest in which the individual realizes any pecuniary gain.

SENATE VERSION (IE)

SECTION \_\_. Subchapter B, Chapter 572, Government Code, is amended by adding Section 572.0295 to read as follows:  
Sec. 572.0295. **PERSONAL FINANCIAL STATEMENT.**  
(a) A person who files a **report** under this chapter may amend the **report**.  
(b) A **report** that is amended before the eighth day after the date the original **report** was filed is considered to have been filed on the date on which the original report was filed.  
  
(c) A **report** that is amended on or after the eighth day after the original report was filed is considered to have been filed on the date on which the original report was filed if:  
(1) the amendment is made before any complaint is filed with regard to the subject of the amendment; and  
(2) the original report was made in good faith and without an intent to mislead or to misrepresent the information contained in the report. [FA2]

SECTION 1. Subtitle B, Title 5, Government Code, is amended by adding Chapter 576 to read as follows:  
CHAPTER 576. CONFLICT OF INTEREST BY STATE AGENCY GOVERNING BOARD MEMBER OR OFFICER  
Sec. 576.001. DEFINITIONS. In this chapter:  
(1) "Conflict of interest" means the conflict between an official decision made by a state agency governing board member or governing officer in the individual's official capacity and the individual's private financial interest in which the individual realizes any pecuniary gain, **if the pecuniary gain accrued to the individual as a member of a class of persons, including an occupation, profession, or industry, to a greater extent than any other member of the class.**

CONFERENCE

SECTION 2. Subchapter B, Chapter 572, Government Code, is amended by adding Section 572.0295 to read as follows:  
  
Sec. 572.0295. **AMENDMENT OF STATEMENT.** (a) A person who files a **financial statement** under this chapter may amend the **statement**.  
(b) A **financial statement** that is amended before the eighth day after the date the original **statement** was filed is considered to have been filed on the date on which the original statement was filed.

SECTION 3. Same as Senate version.

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(2) "Financial interest" means ownership or control, directly or indirectly, of an ownership interest of at least five percent in a person, including the right to share in profits, proceeds, or capital gains, or an ownership interest that an individual could reasonably foresee could result in any financial benefit to the individual. The term does not include an interest in a retirement plan, a blind trust, insurance coverage, or capital gains.

(3) "State agency" means a board, commission, council, committee, department, office, agency, or other governmental entity in the executive branch of state government.

Sec. 576.002. DUTY TO DISCLOSE AND REFRAIN FROM PARTICIPATION. (a) Except as provided by Subsection (b) or (c), in each matter before the governing board of a state agency or, if the agency is not governed by a multimember governing board, the officer who governs the agency, for which a member of the board or officer, as applicable, has a conflict of interest, the individual:

(1) shall disclose in writing the conflict of interest to the agency; and

(2) may not participate in the decision on the matter.

(b) If a majority of the members of the governing board of a state agency has a conflict of interest related to a matter before the board or, if the agency is not governed by a multimember governing board, the officer who governs the agency has a

SENATE VERSION (IE)

[FA1(1)]

(2) "Financial interest" means ownership or control, directly or indirectly, of an ownership interest of at least five percent in a person, including the right to share in profits, proceeds, or capital gains, or an ownership interest that an individual could reasonably foresee could result in any financial benefit to the individual. The term does not include an interest in a retirement plan, a blind trust, insurance coverage, or capital gains.

***(3) "Rule" means all or part of a statement of a state agency that is of general or particular applicability and of future effect designed to implement, interpret, or prescribe law or policy for the state agency or to describe the organization, procedure, or practice requirements of the state agency.*** [FA1(2)]

(4) "State agency" means a board, commission, council, committee, department, office, agency, or other governmental entity in the executive branch of state government. [FA1(3)]

Sec. 576.002. DUTY TO DISCLOSE AND REFRAIN FROM PARTICIPATION. (a) Except as provided by Subsection (b) or (c), in each matter before the governing board of a state agency or, if the agency is not governed by a multimember governing board, the officer who governs the agency, for which a member of the board or officer, as applicable, has a conflict of interest, the individual:

(1) shall disclose in writing the conflict of interest to the agency; and

(2) may not participate in the decision on the matter.

(b) If a majority of the members of the governing board of a state agency has a conflict of interest related to a matter before the board or, if the agency is not governed by a multimember governing board, the officer who governs the agency has a

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conflict of interest on the matter, the board or officer may decide the matter only if:

(1) each member, or the officer, as applicable, who has a conflict of interest discloses in writing the conflict of interest to the agency; and

(2) the board, or officer, as applicable, makes a finding that an emergency exists that requires a decision on the matter despite the conflict of interest.

(c) The duty to disclose a conflict of interest and refrain from participation in the decision on a matter for a member of the governing board of an institution of higher education, as those terms are defined by Section 61.003, Education Code, is governed by Section 51.923, Education Code.

Sec. 576.003. PUBLIC INFORMATION. A written disclosure made under Section 576.002 is public information.

Sec. 576.004. REPORT TO TEXAS ETHICS COMMISSION; RULES. (a) A state agency that receives a written disclosure under Section 576.002 shall file a copy of the disclosure with the Texas Ethics Commission.

(b) The Texas Ethics Commission may adopt the rules necessary to implement this chapter, including rules on the disclosure to be filed with the commission under Subsection (a).

Sec. 576.005. CRIMINAL PENALTY. (a) An individual commits an offense if the individual knowingly fails to comply with Section 576.002.

(b) An offense under this section is a class B misdemeanor.

SENATE VERSION (IE)

conflict of interest on the matter, the board or officer may decide the matter only if:

(1) each member, or the officer, as applicable, who has a conflict of interest discloses in writing the conflict of interest to the agency; and

(2) the board, or officer, as applicable, makes a finding that an emergency exists that requires a decision on the matter despite the conflict of interest.

(c) The duty to disclose a conflict of interest and refrain from participation in the decision on a matter for a member of the governing board of an institution of higher education, as those terms are defined by Section 61.003, Education Code, is governed by Section 51.923, Education Code.

Sec. 576.003. PUBLIC INFORMATION. A written disclosure made under Section 576.002 is public information.

Sec. 576.004. REPORT TO TEXAS ETHICS COMMISSION; RULES. (a) A state agency that receives a written disclosure under Section 576.002 shall file a copy of the disclosure with the Texas Ethics Commission.

(b) The Texas Ethics Commission may adopt the rules necessary to implement this chapter, including rules on the disclosure to be filed with the commission under Subsection (a).

Sec. 576.005. CRIMINAL PENALTY. (a) An individual commits an offense if the individual knowingly fails to comply with Section 576.002.

(b) An offense under this section is a class B misdemeanor.

**Sec. 576.006. EXEMPTION. This chapter does not apply to:**

**(1) the consideration of a proposed rule; or**

**(2) a vote to adopt a proposed rule.** [FA1(4)]

CONFERENCE

**House Bill 3736**  
Conference Committee Report  
Section-by-Section Analysis

HOUSE VERSION

SECTION 2. Section 571.061(a), Government Code, is amended.

*No equivalent provision.*

SECTION 3. This Act takes effect September 1, 2015.

SENATE VERSION (IE)

SECTION 2. Same as House version.

SECTION \_\_. The change in law made by this Act applies only to a financial statement filed under Subchapter B, Chapter 572, Government Code, as amended by this Act, on or after September 1, 2015. A financial statement filed before September 1, 2015, is governed by the law in effect on the date of filing, and the former law is continued in effect for that purpose. [FA2]

SECTION 3. Same as House version.

CONFERENCE

SECTION 4. Same as House version.

SECTION 5. Substantially the same as Senate version.

SECTION 6. Same as House version.

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 30, 2015**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB3736** by Davis, Sarah (Relating to conflicts of interest by members of state agency governing boards and governing officers and the contents and amendment of financial statements filed by certain persons; creating a criminal offense.), **Conference Committee Report**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Government Code to require individuals serving as a member of a state agency governing board or a state agency officer that governs an agency without a multimember governing board and that are in a position to receive a pecuniary gain from a governing board or agency decision to disclose the conflict of interest in writing to the state agency if the gain accrued to the individual as a member of a class of persons, occupations, profession, or industry is to a greater extent than any other member of the class. The bill requires that these individuals may not participate in the decision on the matter. In situations where a majority of the members of a governing board have a conflict of interest related to the matter before the board, the bill would require each member to make the required written disclosure. The bill would permit the board to make decisions despite the conflict of interest when a finding is made that an emergency exists that requires a decision on the matter. The bill would increase disclosure requirements for filers of personal financial statements and would allow filers to amend personal financial statements.

The bill would create an offense if an individual knowingly fails to comply with this requirement. In addition, the bill would require state agencies receiving a written disclosure of a conflict of interest to file a copy of the disclosure with the Texas Ethics Commission. Based on the analysis of the Office of Court Administration and the Texas Ethics Commission, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 356 Texas Ethics Commission

**LBB Staff:** UP, EMO, AG, GDz, FR

**Certification of Compliance with  
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on HB 3736 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

  
(name)

5/30/15  
(date)