

BILL ANALYSIS

C.S.H.B. 501
By: Capriglione
General Investigating & Ethics
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties are concerned that elected officials are not required to disclose certain contracts they or their immediate family members have with governmental entities, that legislators who provide bond counsel services are not required to disclose those services rendered to issuers of public securities, and that state officers are not required to disclose enough information relating to the referral fees they receive. C.S.H.B. 501 seeks to require such disclosures.

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

C.S.H.B. 501 amends the Government Code to expand the required content of the account of financial activity included in a financial statement filed with the Texas Ethics Commission by a state officer, a candidate for an elected office, or a state party chair to include identification of certain written contracts with a governmental entity or with a person who contracts with a governmental entity that meet specified criteria regarding the cost of goods or services sold and that have as a party the individual filing the statement, the individual's spouse, the individual's dependent child, or any business entity of which the individual, the individual's spouse, or the individual's dependent child has at least a 50 percent ownership interest. This provision does not require the disclosure of an employment contract between a school district or open-enrollment charter school and an employee of the district or school.

C.S.H.B. 501 expands the required content of the account of financial activity included in a financial statement for a member of the legislature who provides bond counsel services to an issuer of public securities to include, for each issuance for which the individual served as bond counsel, identification of the amount and date of the issuance, the name of the issuer, and the amount and reporting category of fees paid to the individual and the individual's firm, if applicable.

C.S.H.B. 501 expands the state officers required to report on the individual's financial statement information about making or receiving a referral fee for certain services by removing the specification that the state officer be an attorney and expands the referral fees required to be reported by removing the specification that the applicable services be legal services. The bill expands the information required to be reported on the individual's financial statement to include the date any referral fee for services is made or received, the style of the case referred, if

applicable, and the percentage of the fee paid or received that was agreed to between the parties to the referral as the referral fee or the agreed amount of the fee paid or received if the referral fee is not determined as a percentage of the fee for services. The bill removes a provision requiring the referral fee for legal services to be reported by category.

EFFECTIVE DATE

January 8, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 501 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 572.023, Government Code, is amended.

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

Sec. 572.0252. **INFORMATION ABOUT LEGAL REFERRALS.** A state officer **who is an attorney** shall report on the financial statement:

- (1) making or receiving any referral for compensation for **legal** 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 **legal 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 **legal fee**, 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].

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

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

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

Sec. 572.0252. **INFORMATION ABOUT REFERRALS.** A state officer ~~who is an attorney~~ shall report on the financial statement:

- (1) making or receiving any referral for compensation for **legal** 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].

SECTION 3. Same as introduced version.

SECTION 4. This Act takes effect January 8, 2019.

SECTION 4. Same as introduced version.