

## **BILL ANALYSIS**

Senate Research Center  
78R18118 ESH-D

C.S.H.B. 1606  
By: Wolens (Ellis, Rodney)  
Government Organization  
5/24/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

The Texas Ethics Commission (TEC) is subject to review and shall be abolished in 2003 under the Texas Sunset Act, unless continued in existence by the legislature. C.S.H.B. 1606 extends TEC from 2003 to 2015 and amends three existing laws related to ethics in three general areas: the functions and duties of TEC; the regulation of political contributions, political advertising, lobbying, and the conduct of public servants; and the reporting of political contributions and personal financial information. This bill also incorporates recommendations of the Sunset Advisory Commission.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Ethics Commission in SECTION 2.04 (Section 252.0131, Election Code), SECTION 3.02 (Section 302.013, Government Code), SECTION 4.06 (Section 305.0064, Government Code), and SECTION 4.07 (Section 305.012, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

#### ARTICLE 1. FUNCTIONS AND DUTIES OF TEXAS ETHICS COMMISSION

SECTION 1.01. Amends Section 571.002, Government Code, by adding Subdivision (2-a), to define "executive director."

SECTION 1.02. Amends Section 571.022, Government Code, as follows:

Sec. 571.022. SUNSET PROVISION. Requires the Texas Ethics Commission (TEC) to be reviewed during the periods in which state agencies abolished in 2015, rather than 2003, under Chapter 325, Texas Sunset Act, and every 12th year after that year are reviewed.

SECTION 1.03. Amends Subchapter B, Chapter 571, Government Code, by adding Sections 571.0231 and 571.0232, as follows:

Sec. 571.0231. RESTRICTION ON COMMISSION MEMBERSHIP. Prohibits a person from being a member of TEC, if the person is required to register as a lobbyist under Chapter 305.

Sec. 571.0232. GROUNDS FOR REMOVAL. (a) Provides that there are certain grounds for removal from the TEC.

(b) Provides that the validity of an action of TEC is not affected by the fact that it is taken when a ground for removal of a TEC member exists.

(c) Requires the executive director, if the executive director has knowledge that a potential ground for removal exists, to notify the presiding officer of TEC of the potential ground. Requires the presiding officer to then notify the governor and the attorney general that a potential ground for removal exists. Requires the executive director, if the potential ground for removal involves the presiding

officer, to notify the next highest ranking officer of TEC, who shall then notify the governor and the attorney general that a potential ground for removal exists.

SECTION 1.04. Amends Section 571.026(c), Government Code, to provide that an action or recommendation of TEC requiring a vote of TEC is not valid unless certain conditions exist.

SECTION 1.05. Amends Section 571.027(a), Government Code, to prohibit a member of TEC from participating in a TEC proceeding relating to any certain actions if the member is the subject of the action.

SECTION 1.06. Amends Subchapter B, Chapter 571, Government Code, by adding Sections 571.0271 and 571.030-571.0303, as follows:

Sec. 571.0271. COMMISSION MEMBER TRAINING. (a) Prohibits a person who is appointed to and qualifies for office as a member of TEC from voting, deliberating, or being counted as a member in attendance at a meeting of TEC until the person completes a training program that complies with this section.

(b) Requires the training program to provide the person with certain information.

(c) Provides that a person appointed to TEC is entitled to reimbursement, as provided by the General Appropriations Act, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

Sec. 571.030. SEPARATION OF RESPONSIBILITIES. Requires TEC to develop and implement policies that clearly separate the policy-making responsibilities of TEC and the management responsibilities of the executive director and the staff of TEC.

Sec. 571.0301. INFORMATION TO MEMBERS AND EMPLOYEES. Requires the executive director or the executive director's designee to provide to members and employees of TEC, as often as necessary, information regarding the requirements for office or employment under this chapter, including information regarding a person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

Sec. 571.0302. EQUAL EMPLOYMENT POLICY. (a) Requires the executive director or the executive director's designee to prepare and maintain a written policy statement that implements a program of equal employment opportunity to ensure that all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin.

(b) Requires the policy statement to include certain information.

(c) Requires the policy statement to be updated annually, be reviewed by the state Commission on Human Rights for compliance with Subsection (b)(1), and be filed with the governor's office.

Sec. 571.0303. TRAINING ON STATE EMPLOYEE INCENTIVE PROGRAM. Requires the executive director or the executive director's designee to provide to TEC employees information and training on the benefits and methods of participation in the state employee incentive program.

SECTION 1.07. Renumbers Section 571.033, Government Code, as Section 571.0221, Government Code, and amends it as follows:

Sec. 571.0221. DISCRIMINATION PROHIBITED. Requires appointments to TEC to be made without regard to the race, color, disability, sex, age, national origin, or religion of the appointees.

SECTION 1.08. Amends Section 254.0361, Election Code, by transferring it to Subchapter C, Chapter 571, Government Code, redesignating it as Section 571.0671, Government Code, and amending it, as follows:

Sec. 571.0671. REQUIREMENTS FOR ELECTRONIC FILING SOFTWARE. (a) Requires computer software provided or approved by TEC for use under Section 254.036(b), Election Code, or Section 302.013 or 305.0064 to meet certain guidelines.

(b) Requires TEC, before determining the specifications for computer software developed, purchased, or licensed for use under Section 254.036, Election Code, or Section 302.013 or 305.0064, to conduct at least one public hearing to discuss the specifications.

(c) Authorizes TEC to provide software for use under Section 254.036(b), Election Code, or Section 302.013 or 305.0064 by making the software available on the Internet. Provides that if TEC makes the software available on the Internet, TEC is not required to provide the software on computer diskettes, CD-ROMs, or other storage media without charge to persons required to file reports under that section, but authorizes it to charge a fee for providing the software on storage media. Prohibits a fee under this subsection from exceeding the cost to TEC of providing the software.

SECTION 1.09. Amends Subchapter C, Chapter 571, Government Code, by adding Section 571.0672, as follows:

Sec. 571.0672. PROPOSITION OF TECHNOLOGICAL SOLUTIONS. Requires TEC to develop and implement a policy requiring the executive director and TEC employees to research and propose appropriate technological solutions to improve TEC's ability to perform its functions. Requires the technological solutions to meet certain criteria.

SECTION 1.10. Amends Section 571.069, Government Code, by amending Subsections (a) and (b) and adding Subsection (f), as follows:

(a) Requires, rather than authorizes, TEC to review for facial compliance randomly selected statements and reports filed with TEC and authorizes it to review any available documents. Requires, rather than authorizes, TEC to return for resubmission with corrections or additional documentation a statement or report that does not, in the opinion of TEC, comply with the law requiring the statement or report. Provides that a statement or report returned for resubmission is considered to have been filed on the date the statement or report was originally filed if certain criteria exists.

(b) Authorizes TEC to by an affirmative vote of at least six commission members initiate a preliminary review as provided by Section 571.124 or perform a complete audit of a statement or report, if certain conditions exist.

(f) Prohibits this section from being construed as limiting or affecting TEC's authority to, on the filing of a motion or receipt of a sworn complaint, review or investigate the sufficiency of a statement or report.

SECTION 1.11. Amends Section 571.073, Government Code, as follows:

Sec. 571.073. REPORT. Requires the report to include certain information.

SECTION 1.12. Amends Subchapter C, Chapter 571, Government Code, by adding Sections 571.078 and 571.079, as follows:

Sec. 571.078. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. (a) Requires TEC to develop and implement a policy to encourage the use of certain methods.

(b) Provides that Subsection (a)(2) does not apply to a preliminary review or preliminary review hearing under Sections 571.124 through 571.126.

(c) Requires TEC procedures, relating to alternative dispute resolution, to conform, to the extent possible, to any model guidelines issued by the state office of administrative hearings for the use of alternative dispute resolution by state agencies.

(d) Requires TEC to designate a trained person to perform certain acts.

Sec. 571.079. POSTING INFORMATION RELATING TO UNPAID PENALTIES ON WEBSITE. (a) Requires TEC, not later than the 15th day after the date on which an application for a place on the general primary election ballot or for nomination by convention is required to be filed, to, except as provided by Subsection (b), post on its Internet website certain information.

(b) Prohibits TEC from posting information under this section that relates to a civil penalty while the penalty is the subject of an administrative or judicial appeal by the candidate against whom the penalty is imposed.

(c) Requires TEC to remove from TEC's Internet website information posted under this section as soon as practicable after the candidate pays the civil penalty in full.

SECTION 1.13. Amends Section 571.121(a), Government Code, to authorize TEC to perform certain acts.

SECTION 1.14. Amends Subchapter E, Chapter 571, Government Code, by adding Sections 571.1211 and 571.1212, as follows:

Sec. 571.1211. DEFINITIONS. Defines "campaign communication," "political advertising," "Category One violation," and "Category Two violation."

Sec. 571.1212. CATEGORIZATION OF VIOLATIONS. Requires an allegation of a violation listed as a Category One violation to be treated as a Category Two violation if the executive director at any time determines certain facts.

SECTION 1.15. Amends Section 571.122(a), Government Code, to require TEC to make the complaint form available on the Internet.

SECTION 1.16. Amends Section 571.123(b), Government Code, to require TEC, not later than the fifth, rather than 14th, business day after the date a complaint is filed, to send written notice to the complainant and the respondent.

SECTION 1.17. Amends Sections 571.124(a)-(c), (e), and (f), Government Code, as follows:

(a) Requires TEC staff to promptly conduct a preliminary review on receipt of a written complaint that is in compliance with the form requirements of Section 571.122.

(b) Authorizes TEC to initiate a preliminary review of the matter that is the subject of the motion, on a motion adopted by an affirmative vote of at least six TEC members, rather than at least six TEC members, without a sworn complaint

(c) Requires the executive director, rather than TEC by record vote, to determine in writing whether TEC has jurisdiction over the violation of law alleged in a sworn complaint processed under Section 571.123.

(e) Requires the notice under Section 571.123(b), if the executive director, rather than

TEC, determines that TEC has jurisdiction, to include certain information.

(f) Makes conforming changes.

SECTION 1.18. Amends Subchapter E, Chapter 571, Government Code, by adding Sections 571.1241-571.1244, as follows:

Sec. 571.1241. REVIEW OF EXECUTIVE DIRECTOR'S DETERMINATION OF NO JURISDICTION. (a) Authorizes the complainant, if the executive director determines that TEC does not have jurisdiction over the violation alleged in the complaint, to request that TEC review the determination. Requires a request for review under this section to be filed not later than the 30th day after the date the complainant receives the executive director's determination.

(b) Authorizes TEC to reverse the executive director's determination only on the affirmative vote of at least six members.

(c) Requires TEC, not later than the fifth business day after the date of TEC's determination under this section, to send written notice to the complainant and the respondent stating whether TEC has jurisdiction over the violation alleged in the complaint. Requires the notice to include the items listed in Section 571.124(e), if TEC determines that TEC has jurisdiction

Sec. 571.1242. PRELIMINARY REVIEW: RESPONSE BY RESPONDENT. (a) Requires the respondent, if the alleged violation is a Category One violation, to respond to the notice required by Section 571.123(b) not later than the 10th business day after the date the respondent receives the notice. Requires TEC, if the matter is not resolved by agreement between TEC and the respondent before the 30th business day after the date the respondent receives the notice under Section 571.123(b), to set the matter for a preliminary review hearing to be held at the next TEC meeting for which notice has not yet been posted.

(b) Requires the respondent, if the alleged violation is a Category Two violation, to respond to the notice required by Section 571.123(b) not later than the 25th business day after the date the respondent receives the notice under Section 571.123(b). Requires TEC, if the matter is not resolved by agreement between TEC and the respondent before the 75th business day after the date the respondent receives the notice under Section 571.123(b), to set the matter for a preliminary review hearing to be held at the next TEC meeting for which notice has not yet been posted.

(c) Provides that a respondent's failure to timely respond as required by Subsection (a)(1) or (b)(1) is a Category One violation.

(d) Requires the response required by Subsection (a) or (b) to include any challenge the respondent seeks to raise to TEC's exercise of jurisdiction. Authorizes the respondent, in addition, to perform certain acts.

(e) Requires TEC, if TEC sets the matter for a preliminary review hearing, to promptly send to the complainant and the respondent written notice of the date, time, and place of the preliminary review hearing.

Sec. 571.1243. PRELIMINARY REVIEW: WRITTEN QUESTIONS. Authorizes TEC staff, during a preliminary review, to submit to the complainant or respondent written questions reasonably intended to lead to the discovery of matters relevant to the investigation.

Sec. 571.1244. PRELIMINARY REVIEW AND PRELIMINARY REVIEW PROCEDURES. Requires TEC to adopt procedures for the conduct of preliminary

reviews and preliminary review hearings. Requires the procedures to include certain provisions.

SECTION 1.19. Amends Section 571.125, Government Code, as follows:

Sec. 571.125. New heading: PRELIMINARY REVIEW HEARING: PROCEDURE.

(a) Requires TEC to conduct a preliminary review hearing if certain conditions exist.

(b) Requires TEC to provide written notice to the complainant, if any, and the respondent of the date, time, and place TEC will conduct the preliminary review hearing.

(c) Authorizes TEC, at or after the time TEC provides notice of a preliminary review hearing, to submit to the complainant and the respondent written questions and require those questions to be answered under oath within a reasonable time.

(d) Authorizes TEC, during a preliminary review hearing, to consider all submitted evidence related to the complaint or to the subject matter of a motion under Section 571.124(b) and to review any documents or material related to the complaint or to the motion. Requires TEC to determine whether there is credible evidence that provides cause for it to conclude that a violation within its jurisdiction has occurred.

(e) Renumbered from Subsection (b). Makes a conforming change.

SECTION 1.20. Amends the heading to Section 571.126, Government Code, to read as follows:

Sec. 571.126. PRELIMINARY REVIEW HEARING: RESOLUTION.

SECTION 1.21. Amends Sections 571.126(a), (b), and (d), Government Code, as follows:

(a) Requires TEC by vote, rather than record vote, as soon as practicable after the completion of a preliminary review hearing, to issue a certain decision.

(b) Requires TEC, if TEC is unsuccessful in resolving and settling the complaint or motion, to perform certain acts.

(d) Authorizes TEC, if TEC determines that there is insufficient credible evidence for TEC to determine that a violation within the jurisdiction of TEC has occurred, to dismiss the complaint or motion or promptly conduct a formal, rather than informal, hearing under Sections 571.129 through 571.132, rather than Section 571.127.

SECTION 1.22. Amends Sections 571.132(a) and (b), Government Code, as follows:

(a) Requires TEC, not later than the 30th business day after the date the state office of administrative hearings issues a proposal for decision, rather than having a formal hearing completed, to convene a meeting and by motion to issue certain information.

(b) Requires the motion to be adopted by a vote of at least six members if the final decision is that a violation has occurred or by five members if the final decision is that a violation has not occurred.

SECTION 1.23. Amends Subchapter E, Chapter 571, Government Code, by amending Sections 571.135 and 571.136 and adding Section 571.1351, as follows:

Sec. 571.135. New heading: PUBLIC INTEREST INFORMATION. (a) Requires TEC to develop plain-language materials as described by this section. Deletes text regarding specific-language materials. Requires TEC to distribute the materials, rather than merely make them available, to the public and appropriate state agencies.

- (b) Requires the materials to include certain information.
- (c) Requires TEC to provide the materials described by this section to each complainant and respondent.
- (d) Requires TEC to adopt a policy to effectively distribute materials as required by this section.

Sec. 571.1351. STATUS OF COMPLAINT. (a) Created from Subsection (b). Requires the file to include certain information.

- (b) Requires TEC to provide to the person filing the complaint and to each person who is a subject of the complaint a copy of TEC's policies and procedures relating to complaint investigation and resolution.
- (c) Requires TEC, in addition to the notice required by Sections 571.123, rather than 571.124, through 571.132, at least quarterly until final disposition of a complaint, to notify the person who filed the complaint and each person who is a subject of the complaint, if any, of the status of the sworn or other complaint.

Sec. 571.136. EXTENSION OF DEADLINE. Authorizes TEC to, on its own motion or on the reasonable request of a respondent, extend any deadline for action relating to a sworn complaint, motion, preliminary review, hearing, rather than informal hearing, or formal hearing.

SECTION 1.24. Amends Section 571.137, Government Code, by amending Subsections (a) and (e) and adding Subsections (a-1)-(a-3), as follows:

- (a) Makes a conforming change.
  - (a-1) Authorizes TEC, in connection with a preliminary review, for good cause and as authorized by this chapter, to subpoena documents and witnesses on application by TEC staff and a motion adopted by a vote of at least six members of TEC, for the purpose of attempting to obtain from the documents or witnesses specifically identified information, if TEC reasonably believes that the specifically identified information meets certain criteria.
  - (a-2) Requires TEC to adopt procedures for the issuance of subpoenas under this section.
  - (a-3) Requires a copy of a subpoena issued under this section, rather than by TEC, to be delivered to the respondent.
- (e) Provides that a person who provides subpoenaed documents to TEC is entitled to reimbursement from TEC for the person's reasonable cost of producing the documents.

SECTION 1.25. Amends Section 571.138, Government Code, as follows:

Sec. 571.138. STATUS OF COMPLAINANT. Makes a conforming change.

SECTION 1.26. Amends Sections 571.139(a) and (b), Government Code, to make conforming changes.

SECTION 1.27. Amends Section 571.140, Government Code, by amending Subsections (a)-(c) and adding Subsections (b-1), (e), and (f), as follows:

- (a) Provides that except as provided by Subsection (b) or (b-1) or by Section 571.171, proceedings at a preliminary review hearing, rather than informal hearing, performed by the commission, a sworn complaint, and documents and any additional evidence relating

to the processing, preliminary review, preliminary review hearing, rather than informal hearing, or resolution of a sworn complaint or motion are confidential and prohibits it from being disclosed unless entered into the record of a formal hearing or a judicial proceeding, except that a document or statement that was previously public information remains public information.

(b) Makes a conforming change.

(b-1) Authorizes a TEC employee to, for the purpose of investigating a sworn complaint or motion, disclose to the complainant, the respondent, or a witness information that is otherwise confidential and relates to the sworn complaint if certain criteria exists.

(c) Provides that an offense under this subsection is a Class C, rather than A, misdemeanor.

(e) Requires TEC to terminate the employment of a TEC employee who violates Subsection (a).

(f) Provides that a TEC employee who discloses confidential information in compliance with Subsection (b-1) is not subject to Subsections (c), (d), and (e).

SECTION 1.28. Amends Subchapter E, Chapter 571, Government Code, by adding Section 571.141, as follows:

Sec. 571.141. AVAILABILITY OF COMMISSION ORDERS ON INTERNET. (a) Requires TEC, as soon as practicable following a preliminary review, preliminary review hearing, or formal hearing at which TEC determines that a person has committed a violation within TEC's jurisdiction, to make available on the Internet certain information.

(b) Provides that this section does not apply to a determination of a violation that is technical or de minimis.

SECTION 1.29. Amends Section 571.171, Government Code, as follows:

Sec. 571.171. INITIATION AND REFERRAL. (a) Authorizes TEC, on a motion adopted by an affirmative, rather than record, vote of at least six TEC members, to initiate civil enforcement actions and refer matters to the appropriate prosecuting attorney for criminal prosecution.

(b) Authorizes the executive director, on receipt of a sworn complaint, if the executive director reasonably believes that the person who is the subject of the complaint has violated Chapter 36 or 39, Penal Code, to refer the matter to the appropriate prosecuting attorney for criminal prosecution.

(c) Authorizes TEC or executive director to disclose confidential information in making a referral to a prosecuting attorney under this section.

SECTION 1.30. Amends Subchapter F, Chapter 571, Government Code, by adding Section 571.1731, as follows:

Sec. 571.1731. WAIVER OR REDUCTION OF LATE FILING PENALTY. (a) Authorizes a person to request the waiver or reduction of a civil penalty under Section 305.033(b) or 572.033(b) of this code or Section 254.042(b), Election Code, by submitting an affidavit to the executive director that states the filer's reasons for requesting a waiver or reduction.

(b) Authorizes TEC to waive or reduce a civil penalty if TEC finds that a waiver or reduction is in the public interest and in the interest of justice. Requires TEC



to consider certain information before acting to waive or reduce a civil penalty.

(c) Authorizes TEC, after hearing the waiver request, to affirm, reduce, or waive the civil penalty.

SECTION 1.31. Repealer: Sections 571.124(d) (Preliminary Review: Initiation), 571.127 (Informal Hearing: Procedure), and 571.128 (Informal Hearing: Resolution), Government Code.

SECTION 1.32. Provides that Sections 571.0231 and 571.0271, Government Code, as added by this Act, do not affect the entitlement of a member of the TEC serving on TEC immediately before September 1, 2003, to continue to serve and function as a member of the commission for the remainder of the member's term. Provides that Sections 571.0231 and 571.0271, Government Code, as added by this Act, apply only to a member appointed on or after September 1, 2003.

SECTION 1.33. Provides that the changes in law made to Chapter 571, Government Code, as amended by this article, do not affect the authority of TEC regarding a statement, report, or registration filed before September 1, 2003. Provides that a statement, report, or registration filed before September 1, 2003, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

## ARTICLE 2. CAMPAIGN FINANCE AND POLITICAL ADVERTISING

SECTION 2.01. Amends Section 251.001(16), Election Code, to redefine “political advertising.”

SECTION 2.02. Amends Section 251.005, Election Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that an out-of-state political committee is not subject to Chapter 252 or 254, except as provided by Subsection (b), (c), or (d).

(d) Requires an out-of-state political committee that does not file a campaign treasurer appointment to comply with Section 254.1581.

SECTION 2.03. Amends Chapter 252, Election Code, by adding Section 252.0011, as follows:

Sec. 252.0011. **INELIGIBILITY FOR APPOINTMENT AS CAMPAIGN TREASURER.** (a) Provides that except as provided by Subsection (b) or (c), a person is ineligible for appointment as a campaign treasurer if the person is the campaign treasurer of a political committee that does not file a report required by Chapter 254.

(b) Provides that the period for which a person is ineligible under Subsection (a) for appointment as a campaign treasurer ends on the date on which the political committee in connection with which the person’s ineligibility arose has filed each report required by Chapter 254 that was not timely filed or has paid all fines and penalties in connection with the failure to file the report.

(c) Provides that Subsection (a) does not apply to a person if, in any semiannual reporting period prescribed by Chapter 254, certain conditions exist.

(d) Provides that Subsection (c) applies to a person who is the campaign treasurer of a general-purpose committee regardless of whether the committee files monthly reports under Section 254.155. Provides that for purposes of this subsection, political contributions accepted and political expenditures made during a monthly reporting period are aggregated with political contributions accepted and political expenditures made in each other monthly reporting period that corresponds to the semiannual reporting period that contains those months.

(e) Provides that a candidate or political committee is considered to have not appointed a campaign treasurer if the candidate or committee appoints a person as campaign treasurer whose appointment is prohibited by Subsection (a).

(f) Provides that a person who violates this section is liable for a civil penalty not to exceed three times the amount of political contributions accepted or political expenditures made in violation of this section.

SECTION 2.04. Amends Chapter 252, Election Code, by adding Section 252.0131, as follows:

Sec. 252.0131. TERMINATION OF CAMPAIGN TREASURER APPOINTMENT BY COMMISSION. (a) Requires TEC to adopt by rule a process by which it may terminate the campaign treasurer appointment of an inactive candidate or political committee that meets certain criteria.

(b) Requires TEC, before it may terminate a campaign treasurer appointment, to consider the proposed termination in a regularly scheduled open meeting.

(c) Requires rules adopted under this section to define “inactive candidate or political committee” and to require a certain written notice.

(d) Provides that the termination of a campaign treasurer appointment under this section takes effect on the 30th day after the date of the meeting at which TEC votes to terminate the appointment. Requires TEC, following that meeting, to promptly notify the affected candidate or political committee that the appointment has been terminated. Requires the notice to state the effective date of the termination.

SECTION 2.05. Amends the heading to Section 253.034, Election Code, to read as follows:

Sec. 253.034. RESTRICTIONS ON CONTRIBUTIONS DURING AND FOLLOWING REGULAR LEGISLATIVE SESSION.

SECTION 2.06. Amends Section 253.034(a), Election Code, to prohibit a person, during the period beginning on the 30th day before the date a regular legislative session convenes and continuing through the 20th day after the date of final adjournment, rather than the day of final adjournment, from knowingly making a political contribution to certain persons or entities.

SECTION 2.07. Amends the heading to Section 253.0341, Election Code, as follows:

Sec. 253.0341. RESTRICTIONS ON CONTRIBUTIONS TO LEGISLATIVE CAUCUSES DURING AND FOLLOWING REGULAR LEGISLATIVE SESSION.

SECTION 2.08. Amends Section 253.0341(a), Election Code, to prohibit a person not a member of the caucus, during the period beginning on the 30th day before the date a regular legislative session convenes and continuing through the 20th day after the date of final adjournment, rather than the day of final adjournment, from knowingly making a contribution to a legislative caucus.

SECTION 2.09. Amends Subchapter B, Chapter 253, Election Code, by adding Sections 253.040 and 253.043, as follows:

Sec. 253.040. SEPARATE ACCOUNTS. (a) Requires each candidate or officeholder to keep the person’s campaign and officeholder contributions in one or more accounts that are separate from any other account maintained by the person.

(b) Provides that a person who violates this section commits an offense. Provides that an offense under this section is a Class B misdemeanor.

Sec. 253.043. POLITICAL CONTRIBUTIONS USED IN CONNECTION WITH

APPOINTIVE OFFICE. Authorizes a former candidate or former officeholder who lawfully accepts political contributions to use those contributions to make an expenditure to defray expenses incurred by the person in performing a duty or engaging in an activity in connection with an appointive office of a state board or commission.

SECTION 2.10. Amends Section 254.031, Election Code, as follows:

(a) Requires each report filed under this chapter to include certain information, including as of the last day of the reporting period, the total amount of political contributions accepted on or after September 1, 2003, including interest or other income on those contributions, maintained in one or more accounts in which political contributions are deposited as of the last day of the reporting period.

(c) Provides that for purposes of the first report a candidate, officeholder, or political committee files under this chapter after September 1, 2003, the total amount of political contributions accepted on or after September 1, 2003, including interest or other income on those contributions, maintained in one or more accounts as of the last day of the reporting period is computed by a certain formula.

(d) Provides that Subsection (c) and this subsection expire January 1, 2008.

SECTION 2.11. Amends Subchapter B, Chapter 254, Election Code, by adding Section 254.0312, as follows:

Sec. 254.0312. BEST EFFORTS. (a) Provides that a person required to file a report under this chapter is considered to be in compliance with Section 254.0612, 254.0912, or 254.1212 only if the person or the person's campaign treasurer shows that the person has used best efforts to obtain, maintain, and report the information required by those sections. Provides that a person is considered to have used best efforts to obtain, maintain, and report that information if the person or the person's campaign treasurer complies with this section.

(b) Requires each written solicitation for political contributions from an individual to include certain information.

(c) Requires the person, for each political contribution received from an individual that, when aggregated with all other political contributions received from the individual during the reporting period, equals or exceeds \$500 and for which the information required by Section 254.0612, 254.0912, or 254.1212 is not provided, to make at least one oral or written request for the missing information. Requires a request under this subsection to be made not later than the 30th day after the date the contribution is received, to include a clear and conspicuous statement that complies with Subsection (b), and if made orally, to be documented in writing, but prohibits it from being made in conjunction with a solicitation for an additional political contribution.

(d) Requires a person to report any information required by Section 254.0612, 254.0912, or 254.1212 that is not provided by the individual making the political contribution and that the person has in the person's records of political contributions or previous reports under this chapter.

(e) Requires a person who receives information required by Section 254.0612, 254.0912, or 254.1212 after the filing deadline for the report on which the contribution is reported to include the missing information on the next report the person is required to file under this chapter.

SECTION 2.12. Amends Section 254.035, Election Code, by adding Subsections (c) and (d), as follows:

(c) Provides that the amount of a political expenditure made by credit card is readily determinable by the person making the expenditure on the date the person receives the credit card statement that includes the expenditure.

(d) Provides that Subsection (c) does not apply to a political expenditure made by credit card during the period covered by a report required to be filed under Section 254.064(b) or (c), 254.124(b) or (c), or 254.154(b) or (c).

SECTION 2.13. Amends Section 254.036(b), Election Code, to require each report filed under this chapter with TEC, except as provided by Subsection (e) or (f), to be filed by computer diskette, modem, or other means of electronic transfer, using computer software provided by TEC or computer software that meets TEC specifications for a standard file format. Deletes text referring to exceptions provided by Subsections (d) or (g).

SECTION 2.14. Amends Sections 254.038(a) and (c), Election Code, as follows:

(a) Requires certain persons, in addition to other reports required by this chapter, to file additional reports during the period beginning the ninth day before election day and ending at 12 noon on the day before election day, rather than the second day before election day.

(c) Requires a report under this section to be filed electronically, by telegram or telephonic facsimile machine, or by hand with TEC not later than 5:00 p.m. of the first business day, rather than 48 hours, after the date the contribution is accepted.

SECTION 2.15. Amends Section 254.0401(a), Election Code, to require TEC to make each report filed with TEC under Section 254.036(b) available to the public on the Internet not later than the second business day after the date the report is filed. Deletes text regarding an exception under Subsection (b).

SECTION 2.16. Amends Section 254.042, Election Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Provides that if a report other than a report under Section 254.064(c), 254.124(c), or 254.154(c) or the first report under Section 254.063 or 254.123 that is required to be filed following the primary or general election is determined to be late, the person required to file the report is liable, rather than civilly liable, to the state for a civil penalty of \$1,000, rather than an amount determined by TEC but not to exceed \$100 for each day that the report is late. Provides that if a report under Section 254.064(c), 254.124(c), or 254.154(c) or the first report under Section 254.063 or 254.153 that is required to be filed following the primary or general election is determined to be late, the person required to file the report is liable to the state for a civil penalty of \$1,000 for the first day the report is late and \$100 for each day thereafter that the report is late. Makes a conforming change.

(b-1) Provides that a report is not considered to be late for purposes of Subsection (b), if certain conditions exist.

SECTION 2.17. Amends Subchapter C, Chapter 254, Election Code, by adding Section 254.0612, as follows:

Sec. 254.0612. ADDITIONAL CONTENTS OF REPORTS BY CANDIDATE FOR STATEWIDE EXECUTIVE OFFICE OR LEGISLATIVE OFFICE. Requires each report by a candidate for a statewide office in the executive branch or a legislative office, in addition to the contents required by Sections 254.031 and 254.061, to include, for each individual from whom the person filing the report has accepted political contributions that in the aggregate exceed \$500 and that are accepted during a certain reporting period.

SECTION 2.18. Amends Subchapter D, Chapter 254, Election Code, by adding Section

254.0912, as follows:

Sec. 254.0912. **ADDITIONAL CONTENTS OF REPORTS BY STATEWIDE EXECUTIVE OFFICEHOLDERS AND LEGISLATIVE OFFICEHOLDERS.** Requires each report by a holder of a statewide office in the executive branch or a legislative office, in addition to the contents required by Sections 254.031 and 254.091, to include the contents prescribed by Section 254.0612.

SECTION 2.19. Amends Subchapter E, Chapter 254, Election Code, by adding Section 254.1212, as follows:

Sec. 254.1212. **ADDITIONAL CONTENTS OF REPORTS OF COMMITTEE SUPPORTING OR OPPOSING CANDIDATE FOR STATEWIDE EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS OR ASSISTING STATEWIDE EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS.** Requires each report by a specific-purpose committee for supporting or opposing a candidate for or assisting a holder of a statewide office in the executive branch or a legislative office, in addition to the contents required by Sections 254.031 and 254.121, to include the contents prescribed by Section 254.0612.

SECTION 2.20. Amends Section 254.151, Election Code, to require each report by a campaign treasurer of a general-purpose committee, in addition to the contents required by Section 254.031 and by this section, to include on a separate page or pages of the report, the identification of the name of the donor, the amount, and the date of any expenditure made by a corporation or labor organization to establish or administer the political committee, or finance the solicitation of political contributions to the committee under Section 253.100.

SECTION 2.21. Amends Subchapter F, Chapter 254, Election Code, by adding Section 254.1581, as follows:

Sec. 254.1581. **REPORTING BY OUT-OF-STATE POLITICAL COMMITTEE.** Requires an out-of-state political committee, for each reporting period under this subchapter in which an out-of-state political committee accepts political contributions or makes political expenditures, to file with TEC a copy of one or more reports filed with the Federal Election Commission or the proper filing authority of at least one other of state that shows the political contributions accepted, political expenditures made, and other expenditures made by the committee. Requires a report to be filed within the same period in which it is required to be filed under federal law or the law of the other state.

SECTION 2.22. Amends Section 254.204(a), Election Code, to make clarifying and nonsubstantive changes.

SECTION 2.23. Amends the heading to Section 257.005, Election Code, to read as follows:

Sec. 257.005. **CANDIDATE FOR STATE OR COUNTY CHAIR OF POLITICAL PARTY.**

SECTION 2.24. Amends Section 257.005(a), Election Code, to provide that, except as provided by this section, certain candidates are subject to the requirements of this title that apply to a candidate for public office.

SECTION 2.25. Repeals: Sections 253.100(d), 254.036(c), (d), and (g), and 254.0401(b) and (c), Election Code.

SECTION 2.26. (a) Makes application of Sections 254.031, 254.036, and 254.038, Election Code, as amended by this Act, and Sections 254.0612, 254.0912, and 254.1212, Election Code, as added by this Act, prospective.

(b) Makes application of Section 254.042, Elections Code, as amended by this Act,

prospective.

(c) Makes application of Section 254.151, Election Code, as amended by this Act, prospective.

### ARTICLE 3. SPEAKER'S RACE

SECTION 3.01. Amends Subchapter B, Chapter 302, Government Code, by adding Section 302.0121, as follows:

Sec. 302.0121. **DECLARATION OF SPEAKER CANDIDACY.** (a) Requires each speaker candidate to file a declaration of candidacy with TEC as provided by this section.

(b) Sets forth requirements for a declaration of speaker candidacy.

(c) Prohibits a speaker candidate, except as provided by Subsection (e), from knowingly accepting a contribution, loan, or promise of a contribution or loan in connection with the speaker candidacy or making or authorizing a campaign expenditure at a time when a declaration of candidacy for the candidate is not in effect.

(d) Provides that a declaration of speaker candidacy terminates on the earlier of the date the speaker candidate files a written statement with TEC stating that the candidate has terminated the candidacy, or the date a speaker is elected for the legislative session as to which the speaker candidate filed the statement.

(e) Authorizes a former speaker candidate whose declaration of speaker candidacy is terminated under Subsection (d) to make a campaign expenditure in connection with a debt incurred during the period the former speaker candidate's declaration of candidacy was in effect.

SECTION 3.02. Amends Section 302.013, Government Code, by amending Subsections (b) and (d) and adding Subsection (e), as follows:

(b) Requires each speaker candidate to file the statement on the first filing date after the date on which the speaker candidate files the declaration of candidacy required by Section 302.0121, rather than announcement or initiation of the candidacy.

(d) Requires each speaker candidate to file the statement by computer diskette, modem, or other means of electronic transfer, using computer software provided, rather than on an official form designed, by TEC, or computer software that meets TEC specifications for a standard file format.

(e) Requires TEC to implement an electronic filing system under Subsection (d) not later than September 1, 2004. Requires TEC by rule to identify the date on which the requirement that a statement must be made as required by Subsection (d) takes effect and the first reporting period under Subsection (c) for which a statement must be made as required by Subsection (d). Provides that this subsection expires January 1, 2005.

SECTION 3.03. Amends Section 302.015(b), Government Code, to require a statement required to be filed on the day before a regular or called session convenes to actually be delivered and in the possession of TEC not later than 5 p.m., rather than 4 p.m., of that day.

SECTION 3.04. Amends Subchapter B, Chapter 302, Government Code, by adding Sections 302.0191 and 302.0201, as follows:

Sec. 302.0191. **CONTRIBUTIONS AND EXPENDITURES FROM POLITICAL CONTRIBUTIONS.** Prohibits a person, including a speaker candidate, from making a contribution to a speaker candidate's campaign or an expenditure to aid or defeat a

speaker candidate from political contributions accepted under Title 15, Election Code, interest earned on political contributions accepted under Title 15, Election Code, or an asset purchased with political contributions accepted under Title 15, Election Code.

Sec. 302.0201. DISPOSITION OF UNEXPENDED FUNDS; REPORT. (a) Authorizes a former speaker candidate to use unexpended campaign funds to retire debt incurred in connection with the speaker candidacy, or remit unexpended campaign funds to one or more of certain persons or organizations.

(b) Prohibits a former speaker candidate from retaining contributions covered by this subchapter, assets purchased with the contributions, or interest and other income earned on the contributions for more than six years after the date the person ceases to be a speaker candidate or hold the office of speaker.

(c) Prohibits the amount of campaign funds disposed of under Subsection (a)(2)(A) to one person from exceeding the aggregate amount accepted from that person in connection with the former speaker candidate's most recent campaign for election to the office of speaker.

(d) Requires a former speaker candidate who retains unexpended campaign funds, not later than January 15 of each year, to file a sworn report with TEC that includes certain information.

(e) Provides that a report filed under this section covers, as applicable, the period beginning on the date after the last day of the period covered by the most recent statement filed by the former speaker candidate under Section 302.013 and ending on December 31 of the preceding year, or the preceding calendar year.

(f) Requires a former speaker candidate to file the report on an official form designed by TEC. Provides that Sections 302.015 and 302.016 apply to a report filed under this section.

(g) Provides that for purposes of this section, a speaker candidate elected as speaker of the house of representatives is considered to be a former speaker candidate.

SECTION 3.05. Amends Section 302.021, Government Code, by amending Subsections (a) and (f) and adding Subsection (e-1), as follows:

(a) Provides that a speaker candidate or former speaker candidate commits an offense if the person:

(1) knowingly fails to file the declaration of candidacy required by Section 302.0121;

(2) knowingly, rather than wilfully, fails to file the statement required by Section 302.013;

(3) knowingly accepts a contribution, loan, or promise of a contribution or loan in violation of Section 302.0121(c);

(4) (redesignated from Subdivision (2)) knowingly accepts, rather than receives, a contribution, loan, or promise of a contribution or loan prohibited by Section 302.017 from a corporation, partnership, association, firm, union, foundation, committee, club, or other organization or group of persons;

(5) knowingly accepts a contribution from a person who uses political contributions, interest earned on political contributions, or an asset purchased with political contributions to make the contribution in violation of Section 302.0191;

(6) (redesignated from Subdivision (3)) expends campaign funds for any purpose other than those enumerated in Section 302.020;

(7) knowingly retains contributions, assets purchased with contributions, or interest or other income earned on contributions in violation of Section 302.0201(b); or

(8) knowingly fails to file the report of unexpended campaign funds as required by Section 302.0201(d).

(e-1) Provides that a person commits an offense if the person knowingly makes a contribution to a speaker candidate's campaign or an expenditure to aid or defeat a speaker candidate from political contributions, interest earned on political contributions, or an asset purchased with political contributions in violation of Section 302.0191.

(f) Provides that an offense under this section is a Class A misdemeanor, rather than punishable by a fine of not less than \$500 nor more than \$5,000, by imprisonment for not more than one year, or by both.

SECTION 3.06. (a) and (b) Make application of Section 302.021, Government Code, as amended by this Act, prospective to September 1, 2003.

#### ARTICLE 4. LOBBYING

SECTION 4.01. Amends the heading to Subchapter A, Chapter 305, Government Code, to read as follows:

##### SUBCHAPTER A. GENERAL PROVISIONS; REGISTRATION

SECTION 4.02. Amends Section 305.002, Government Code, by adding Subdivisions (12)-(14), to define "client," "matter," and "person associated with the registrant" or "other associated person."

SECTION 4.03. Amends Section 305.003, Government Code, by amending Subsection (b) and adding Subsections (b-1) and (b-2), as follows:

(b) A portion of Subsection (b) is redesignated as Subsection (b-1).

(b-1) Provides that Subsection (a)(2) does not require a member of the judicial, legislative, or executive branch of state government or an officer or employee of a political subdivision of the state to register. Provides that this subsection does not apply to an officer or employee of a quasi-governmental agency. Defines "quasi-governmental agency."

(b-2) Provides that Subsection (a)(2) does not require an officer or an employee of a state agency that provides utility services under Section 35.102 (State Authority to Sell or Convey Power), Utilities Code, and Sections 31.401 (Natural Gas Acquisition Contracts) and 52.133 (Payment of Royalty in Kind), Natural Resources Code, to register.

SECTION 4.04. Amends Section 305.005(a), Government Code, to require each person required to register under this chapter to file a written registration with TEC and to submit a registration fee. Makes conforming changes.

SECTION 4.05. Amends Section 305.006(a), Government Code, to make a conforming change.

SECTION 4.06. Amends Subchapter A, Chapter 305, Government Code, by adding Section 305.0064, as follows:

##### Sec. 305.0064. ELECTRONIC FILING OF REGISTRATIONS AND ACTIVITY



REPORTS. (a) Requires each registration filed under Section 305.005 and each report filed under Section 305.006, except as provided by Subsection (b), to be filed by computer diskette, modem, or other means of electronic transfer, using computer software provided by TEC or computer software that meets TEC specifications for a standard file format.

(b) Requires TEC to adopt rules under which a registrant may file paper registrations or reports on forms prescribed by TEC. Requires the rules to be designed to ensure that use of the electronic filing system under Subsection (a) is maximized, and authorizes registrants to file paper registrations or reports for good cause only.

(c) Requires TEC to implement an electronic filing system under Subsection (a) not later than December 1, 2004. Requires TEC by rule to identify the date on which the requirement that a registration must be made as required by Subsection (a) takes effect and the first reporting period under Section 305.007 for which a report must be made as required by Subsection (a). Provides that this subsection expires January 1, 2005.

(d) Provides that a registration fee under Section 305.005(c)(1) or (2) for the calendar years 2004 and 2005 is increased by an amount determined by TEC as sufficient to generate additional revenue necessary to develop and implement an electronic filing system under Subsection (a). Authorizes additional revenue generated by a fee increase under this subsection to be used only to develop and implement the electronic filing system under Subsection (a). Authorizes TEC to impose a different increase for each fee under Section 305.005(c). Provides that this subsection expires January 1, 2006.

SECTION 4.07. Amends Subchapter A, Chapter 305, Government Code, by adding Sections 305.012, as follows:

Sec. 305.012. CONTINUING EDUCATION. (a) Requires TEC by rule to establish a continuing education program for registrants. Requires the program to address issues involving lobbying, ethics, political contributions and expenditures, and other issues as determined by TEC.

(b) Requires rules adopted under this section to meet certain criteria.

(c) Requires a person registered under this chapter for a period of at least four months in a calendar year to comply with the minimum continuing education requirements. Provides that a registrant who does not comply with the minimum continuing education requirements is not eligible to renew the person's registration.

(d) Requires TEC to adopt a procedure to assess a registrant's participation in the continuing education program.

SECTION 4.08. Amends Sections 305.028(b), (c), and (f), Government Code, as follows:

(b) Prohibits a registrant, except as permitted by Subsection (c), from representing a client, rather than a person, in communicating directly with a member of the legislative or executive branch to influence legislative subject matter, rather than legislation, or administrative action if the representation of that client involves certain matters or appears to be limited by certain factors. Removes references to a partner of a registrant and to potential limitations. Makes conforming and nonsubstantive changes.

(c) Authorizes a registrant to represent a client in the circumstances described in Subsection (b) if certain conditions are met, including if the registrant, not later than the 10th day after the date the registrant becomes aware of a conflict described by

Subsection(b), files with TEC a statement that contains certain information, including the name and address of each affected client.

(f) Requires a registrant, in each report filed with TEC, to, under oath, affirm that the registrant has, to the best of the registrant's knowledge, complied with this section.

SECTION 4.09. Amends Section 305.031(a), Government Code, to modify a statutory reference to conform to changes made in this Act.

SECTION 4.10. Amends Section 305.033(b), Government Code, to provide that if a registration or report is determined to be late, the person responsible for the filing is liable to the state for payment of a civil penalty of \$500, rather than in an amount determined by TEC rule but not to exceed \$100 for each day that the registration or report is late. Provides that a registration or report is not considered to be late for purposes of this subsection if certain conditions exist.

SECTION 4.11. Amends Section 556.005(b), Government Code, to provide that this subsection does not apply to the payment by a state agency of membership fees under Chapter 81.

SECTION 4.12. Repealers: Sections 305.028(a) (pertaining to a conflict of interest) and 305.031(c) (pertaining to a penalty for conflict of interest), Government Code.

SECTION 4.13. (a) Requires TEC, not later than November 1, 2003, to adopt rules establishing a continuing education program for lobbyists as required by Section 305.012, Government Code, as added by this Act. Provides that the program applies beginning January 1, 2004.

(b) Makes application of Sections 305.028 and 305.031, Government Code, as amended by this Act, prospective to September 1, 2003.

(c) Makes application of Section 305.033(b), Government Code, as amended by this Act, prospective to September 1, 2003.

#### ARTICLE 5. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF CONDUCT FOR STATE OFFICERS AND EMPLOYEES

SECTION 5.01. Amends Section 572.021, Government Code, to modify a statutory reference to conform to changes made in this Act.

SECTION 5.02. Amends Section 572.022(c), Government Code, to require an individual filing a certain statement to report a description of real property by reporting the street address, if available, or the number of lots or number of acres, as applicable, in each county, and the name of the county, if the street address is not available.

SECTION 5.03. Amends Section 572.023, Government Code, by amending Subsection (b) and adding Subsections (c) and (d), as follows:

(b) Provides that the account of financial activity consists of, among other elements, a political contribution that was reported as required by Chapter 254, Election Code, rather than law; identification of the source and the category of the amount of all income received as beneficiary of a trust, other than a 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; 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; 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; 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, rather than state officer, and a person registered under Chapter 305 have an interest; identification by name and the category of the number of 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 identification of each blind trust that complies with Subsection (c), including certain information.

(c) Provides that for purposes of Subsections (b)(8) and (14), a blind trust is a trust as to which the trustee: is a disinterested party; is not the individual; is not required to register as a lobbyist under Chapter 305; is not a public officer or public employee; and was not appointed to public office by the individual or by a public officer or public employee the individual supervises; and the trustee is required to notify the individual of the date of disposition and value at disposition of any original investments or interests in real property so that information can be reported on the individual's financial statement.

(d) Provides that if a blind trust under Subsection (c) is revoked while the individual is subject to this subchapter, the individual is required to file an amendment to the individual's most recent financial statement, disclosing the date of revocation and the previously unreported value by category of each asset and the income derived from each asset.

SECTION 5.04. Amends Subchapter B, Chapter 572, Government Code, by adding Sections 572.0251 and 572.0252, as follows:

Sec. 572.0251. INFORMATION ABOUT LEGISLATIVE CONTINUANCES. Requires a member or member-elect of the legislature licensed to practice law in this state who represents a party to a civil or criminal case for compensation and on that party's behalf applies for or obtains a legislative continuance under Section 30.003 (Legislative Continuance), Civil Practice and Remedies Code, or under another law or rule that requires or permits a court to grant a continuance on the grounds that an attorney for a party is a member or member-elect of the legislature to report certain information on the financial statement.

Sec. 572.0252. INFORMATION ABOUT REFERRALS. Requires a state officer who is an attorney to report on the financial statement making or receiving any referral for compensation for legal services and the amount of any fee accepted for making a referral for legal services.

SECTION 5.05. Amends Section 572.026(b), Government Code, to provide that an individual that is appointed to serve as a salary appointed officer or an appointed officer of a major state agency or who is appointed to fill a vacancy in an elective office is required to file a financial statement not later than the 14th, rather than the 30th day, after the date of appointment or the date of qualification of the officer, or if confirmation by the senate is required, before the first committee hearing on the confirmation, which ever date is earlier.

SECTION 5.06. Amends Section 572.033, Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Provides that if a statement is determined to be late, the individual responsible for filing the statement is liable to the state for a civil penalty of \$500. Deletes text referring to the penalty amount determined by TEC, not to exceed \$100 a each day the statement is late.

(b-1) Provides that a statement is not considered to be late for purposes of Subsection (b) if certain conditions exist.

SECTION 5.07. Amends Section 572.052(a), Government Code, to prohibit a member of the legislature from, for compensation, representing another person before a state agency in the executive branch of state government unless the representation meets certain conditions. Deletes text that sets forth exceptions from the prohibition.

SECTION 5.08. Amends Subchapter C, Chapter 572, Government Code, by adding Section 572.0531 and 572.059, as follows:

Sec. 572.0531. NOTICE REQUIRED FOR INTRODUCTION OR SPONSORSHIP OF CERTAIN MEASURES OR BILLS BY LEGISLATORS. (a) Requires a member to file a notice as required by Subsection (b) before introducing, sponsoring, or voting on a measure or bill if the member's spouse or a person related to the member within the first degree by consanguinity, as determined under Subchapter B, Chapter 573 (Relationships by Consanguinity or Affinity), is registered as a lobbyist under Chapter 305 (Registration of Lobbyists) with respect to the subject matter of the measure or bill.

(b) Requires a member of the house of representatives to whom Subsection (a) applies to file a written notice of that fact with the chief clerk of the house of representatives. Requires a senator to whom Subsection (a) applies to file a written notice of that fact with the secretary of the senate. Requires the member also to file a notice with TEC. Sets forth the required content of a notice filed under this subsection.

(c) Requires a person related to the member to whom Subsection (a) applies to file a notice with TEC identifying the person, the member, and the class of measures or bills with respect to which notice is required under this section.

(d) Requires a person related to the member to whom Subsection (a) applies to file the notice required by Subsection (c) within a certain timeframe.

(e) Provides that a member of the legislature who violates this section is subject to discipline by the house to which the member belongs, as provided by Section 11, Article III (Rule of Procedure; Expulsion of Member), Texas Constitution.

(f) Provides that in this section "communicates directly with" and "member of the legislative branch" have the meanings assigned by Section 305.002 (Definitions).

Sec. 572.059. INDEPENDENCE OF STATE AND LOCAL OFFICERS ACTING IN LEGISLATIVE CAPACITY. (a) Defines "legislative measure."

(b) Provides that for purposes of Subsection (a), a measure that is applicable to a class or subset of persons or matters that is defined in general terms without naming the particular persons or matters is a measure of general application.

(c) Provides that to protect the independence of state and local officers acting in the legislative capacity, a state or local officer, whether elected or appointed, including a member of the governing body of a school district or other political subdivision of this state, may not be subject to disciplinary action or a sanction, penalty, disability, or liability for certain actions and effects.

SECTION 5.09. Amends Section 30.003, Civil Practice and Remedies Code, by adding Subsection (g) to require the attorney, if the attorney for a party seeking a continuance under this section is a member or member-elect of the legislature, to file a copy of the application for a continuance with TEC. Requires the copy to be sent to TEC not later than the third business day after the date on which the attorney files the application with the court.

SECTION 5.10. (a) Makes application of Section 572.052, Government Code, as amended by this Act prospective.

(b) Makes application of Sections 572.022 and 572.023, Government Code, as amended by this Act, and Sections 572.0251 and 572.0252, Government Code, as added by this Act, which apply only to a financial statement required to be filed under Subchapter B, Chapter 572 (Personal Financial Statement), Government Code, prospective to January 1, 2004.

(c) Makes application of Section 572.026(b), Government Code, as amended by this Act, prospective.

(d) Makes application of Section 30.033(b), Government Code, as amended by this Act, prospective.

(e) Makes application of Section 30.003, Civil Practice and Remedies Code, as amended by this Act prospective.

#### ARTICLE 6. MISUSE OF CONFIDENTIAL INFORMATION BY GOVERNMENTAL OFFICER OR EMPLOYEE

SECTION 6.01. Amends the heading to Section 552.352, Government Code, to read as follows:

Sec. 552.352. DISTRIBUTION OR MISUSE OF CONFIDENTIAL INFORMATION.

SECTION 6.02. Amends Section 552.352, Government Code, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Provides that an officer or employee of a governmental body who obtains access to confidential information under Section 552.008 (Information for Legislative Purposes) commits an offense if the officer or employee knowingly uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or employee to obtain access to the information, including solicitation of political contributions or solicitation of clients, permits inspection of the confidential information by a person who is not authorized to inspect the information, or discloses the confidential information to a person who is not authorized to receive the information.

(a-2) Provides that for purposes of Subsection (a-1), a member of an advisory committee to a governmental body who obtains access to confidential information in that capacity is considered to be an officer or employee of the governmental body.

#### ARTICLE 7. EFFECTIVE DATE

SECTION 7.01. Effective date: September 1, 2003.