

## **BILL ANALYSIS**

Senate Research Center  
85R8134 ATP-F

S.B. 501  
By: Taylor, Van  
State Affairs  
1/30/2017  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Interested parties observe that elected officials are not required to disclose contracts that they or their immediate family members may have with governmental entities. For example, while a member of the legislature may have a contract to provide professional services to a city, they are not required to disclose that contract as part of their personal financial statement. As another example, a state officer whose spouse contracts to provide certain goods to political subdivisions is not required to disclose those contracts. Interested parties observe that, while elected officials may enter into contracts to provide goods or services to political subdivisions, those contracts should be publicly disclosed.

Interested parties further observe that while the legislature creates entities that issue bonds (e.g., municipal utility districts (MUDs), hospital districts), legislators who provide bond counsel services are not required to disclose those services rendered to public issuers. Further, interested parties observe that legislators who are attorneys should be required to disclose information relating to the referral fees they receive.

Texas law already requires that elected officials complete a financial report disclosing their income sources, investments and earnings, loans held, and, among other items, certain gifts received. S.B. 501 expands this reporting requirement to require that elected officials disclose contracts for goods or services that they or their spouse or dependent child have with governmental entities. Specifically, S.B. 501 expands the personal financial statement reporting requirements for each state officer, elected official, or candidate to include the disclosure of written contracts for good or services with governmental entities if the aggregate value of those contracts exceeds \$10,000 per reporting year. S.B. 501 also requires that members of the legislature who provide bond counsel services to a public issuer disclose specific information regarding each issuance, including the amount of the bond issuance, the name of the issuer, and the fees paid to the member or their firm. S.B. 501 further requires that state officers disclose legal referrals and associated fees.

As proposed, S.B. 501 amends current law relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 572.023, Government Code, by amending Subsection (b) and adding Subsections (e) and (f), as follows:

(b) Provides that the list of the account of financial activity includes, if the aggregate cost of goods and services sold under one or more written contracts exceeds \$10,000 in the year covered by the report, identification of each written contract, including the name of each party to the contract for the sale of goods or services in the amount of \$2,500 or more, to which the individual, certain

relations to the individual or any business entity meeting certain criteria is a party, and with a governmental entity or a person who contracts with a governmental entity and certain individuals or entities; and if the individual is a member of the legislature and provides bond counsel services to an issuer, as defined by Section 1201.002(1) (relating to the definition of "issuer"), identification of the amount of the issuance, the name of the issuer, the date of the issuance, the amount of fees paid to the individual, the amount of fees paid to the individual's firm and whether those amounts are certain categorical amounts for each issuance for which the individual served as bond counsel.

(e) Defines "governmental entity."

(f) Provides that Subsection (b)(15) 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.

SECTION 2. Amends Section 572.0252, Government Code, as follows:

Sec. 572.0252. New heading: INFORMATION ABOUT LEGAL REFERRALS. Requires a state officer who is an attorney to report on the financial statement the date the referral is made or received; the style of the case referred, if applicable; and 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. Deletes existing text requiring a state officer who is an attorney to report the category of the amount of any fee accepted for making a referral. Makes nonsubstantive changes.

SECTION 3. Makes application of this Act, in relation to a financial statement filed under Subchapter B (Personal Financial Statement), Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflicts of Interests), Government Code, as amended by this Act, prospective.

SECTION 4. Effective date: January 8, 2019.