

TEXAS ETHICS COMMISSION

CHAPTER 572, GOVERNMENT CODE

**PERSONAL FINANCIAL DISCLOSURE,
STANDARDS OF CONDUCT,
AND CONFLICT OF INTEREST**



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CHAPTER 572, GOVERNMENT CODE

PERSONAL FINANCIAL DISCLOSURE, STANDARDS OF CONDUCT, AND CONFLICT OF INTEREST

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CHAPTER 572. PERSONAL FINANCIAL DISCLOSURE, STANDARDS OF CONDUCT, AND CONFLICT OF INTEREST

SUBCHAPTER A. GENERAL PROVISIONS

§ 572.001. Policy; Legislative Intent

(a) It is the policy of this state that a state officer or state employee may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the officer's or employee's duties in the public interest.

(b) To implement this policy and to strengthen the faith and confidence of the people of this state in state government, this chapter provides standards of conduct and disclosure requirements to be observed by persons owing a responsibility to the people and government of this state in the performance of their official duties.

(c) It is the intent of the legislature that this chapter serve not only as a guide for official conduct of those persons but also as a basis for discipline of those who refuse to abide by its terms.

§ 572.002. General Definitions

In this chapter:

(1) "Appointed officer" means:

(A) the secretary of state;

(B) an individual appointed with the advice and consent of the senate to the governing board of a state- supported institution of higher education;

(C) an officer of a state agency who is appointed for a term of office specified by the Texas Constitution or a statute of this state, excluding an appointee to a vacated elective office; or

(D) an individual who is a member of the governing board or commission of a state agency, who is not appointed, and who is not otherwise:

(i) an elected officer;

(ii) an officer described by Paragraphs (A) through (C); or

(iii) an executive head of a state agency.

(2) "Business entity" means any entity recognized by law through which business for profit is conducted, including a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, or trust.

- (3) “Commission” means the Texas Ethics Commission.
- (4) “Elected officer” means:
- (A) a member of the legislature;
 - (B) an executive or judicial officer elected in a statewide election;
 - (C) a judge of a court of appeals or of a district court;
 - (D) a member of the State Board of Education;
 - (E) a district attorney or criminal district attorney; or
 - (F) an individual appointed to fill a vacancy in an office or appointed to a newly created office who, if elected to the office instead of appointed, would be an elected officer under this subdivision.
- (5) “Executive head of a state agency” means the director, executive director, commissioner, administrator, chief clerk, or other individual who is appointed by the governing body or highest officer of the state agency to act as the chief executive or administrative officer of the agency and who is not an appointed officer. The term includes the chancellor or highest executive officer of a university system and the president of a public senior college or university as defined by Section 61.003, Education Code.
- (6) “State party chair” means the state chair of any political party receiving more than two percent of the vote for governor in the most recent general election.
- (7) “Person” means an individual or a business entity.
- (8) “Regulatory agency” means any department, commission, board, or other agency, except the secretary of state and the comptroller, that:
- (A) is in the executive branch of state government;
 - (B) has authority that is not limited to a geographical portion of the state;
 - (C) was created by the Texas Constitution or a statute of this state; and
 - (D) has constitutional or statutory authority to engage in regulation.
- (9) “Salaried appointed officer” means an appointed officer who receives or is authorized to receive a salary for state service but not a per diem or other form of compensation.
- (10) “State agency” means:

(A) a department, commission, board, office, or other agency that:

- (i) is in the executive branch of state government;
- (ii) has authority that is not limited to a geographical portion of the state; and
- (iii) was created by the Texas Constitution or a statute of this state;

(B) a university system or an institution of higher education as defined by Section 61.003, Education Code, other than a public junior college; or

(C) a river authority created under the Texas Constitution or a statute of this state.

(11) “State employee” means an individual, other than a state officer, who is employed by:

(A) a state agency;

(B) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, or the Texas Judicial Council; or

(C) either house of the legislature or a legislative agency, council, or committee, including the Legislative Budget Board, the Texas Legislative Council, the State Auditor’s Office, and the Legislative Reference Library.

(12) “State officer” means an elected officer, an appointed officer, a salaried appointed officer, an appointed officer of a major state agency, or the executive head of a state agency.

§ 572.003. Definition: Appointed Officer of Major State Agency

(a) In this chapter, “appointed officer of a major state agency” means an individual listed in Subsection (b) or (c).

(b) The term means:

- (1) the Banking Commissioner of The Banking Department of Texas;
- (2) the fire fighters’ pension commissioner;
- (3) the administrative director of the Office of Court Administration of the Texas Judicial System;
- (4) the chief executive of the Office of Public Utility Counsel;
- (5) the executive director of the State Bar of Texas;
- (6) the director of the lottery division of the Texas Lottery Commission;
- (7) the deputy in charge of the department of security in the lottery division of the Texas Lottery Commission;

(8) the director of the bingo division of the Texas Lottery Commission; or

(9) the secretary of state.

(c) The term means a member of:

(1) the Public Utility Commission of Texas;

(2) the Texas Department of Economic Development;

(3) the Texas Commission on Environmental Quality;

(4) the Texas Alcoholic Beverage Commission;

(5) The Finance Commission of Texas;

(6) the Texas *Facilities* Commission;

(7) the Texas Board of Criminal Justice;

(8) the board of trustees of the Employees Retirement System of Texas;

(9) the Texas Transportation Commission;

(10) the Texas Workers' Compensation Commission;

(11) the Texas Department of Insurance;

(12) the Parks and Wildlife Commission;

(13) the Public Safety Commission;

(14) the Texas Ethics Commission;

(15) the State Securities Board;

(16) the Texas Water Development Board;

(17) the governing board of a public senior college or university as defined by Section 61.003, Education Code, or of The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas System Cancer Center, The University of Texas Health Science Center at Tyler, University of North Texas Health Science Center at Fort Worth, Texas Tech University Health Sciences Center, Texas State Technical College--Harlingen, Texas State Technical

College--Marshall, Texas State Technical College--Sweetwater, or Texas State Technical College--Waco;

- (18) the Texas Higher Education Coordinating Board;
- (19) the Texas Workforce Commission;
- (20) the State Banking Board;
- (21) the board of trustees of the Teacher Retirement System of Texas;
- (22) the Credit Union Commission;
- (23) the School Land Board;
- (24) the board of the Texas Department of Housing and Community Affairs;
- (25) the Texas Racing Commission;
- (26) the State Board of Dental Examiners;
- (27) the Texas State Board of Medical Examiners;
- (28) the Board of Pardons and Paroles;
- (29) the Texas State Board of Pharmacy;
- (30) the Department of Information Resources governing board;
- (31) the Motor Vehicle Board;
- (32) the Texas Real Estate Commission;
- (33) the board of directors of the State Bar of Texas;
- (34) the bond review board;
- (35) the Texas Board of Health;
- (36) the Texas Board of Mental Health and Mental Retardation;
- (37) the Texas Board on Aging;
- (38) the Texas Board of Human Services;
- (39) the Texas Funeral Service Commission;

(40) the board of directors of a river authority created under the Texas Constitution or a statute of this state; or

(41) the Texas Lottery Commission.

(d) The term includes the successor in function as provided by law to an office listed in Subsection (b) or (c) if that office is abolished.

§ 572.004. Definition: Regulation

In this chapter, “regulation” means rulemaking, adjudication, or licensing. In this definition:

(1) “Adjudication” means the process of an agency for formulating an order.

(2) “License” includes all or part of an agency permit, certificate, approval, registration, charter, membership, statutory exemption, or other form of permission.

(3) “Licensing” includes the process of an agency concerning the grant, renewal, denial, revocation, suspension, annulment, withdrawal, limitation, amendment, modification, or conditioning of a license.

(4) “Order” means all or part of a final disposition, whether affirmative, negative, injunctive, or declaratory in form, of an agency in a matter other than rulemaking but including licensing.

(5) “Rule” means all or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or to describe the organization, procedure, or practice requirements of an agency.

§ 572.005. Determination of Substantial Interest

An individual has a substantial interest in a business entity if the individual:

(1) has a controlling interest in the business entity;

(2) owns more than 10 percent of the voting interest in the business entity;

(3) owns more than \$25,000 of the fair market value of the business entity;

(4) has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains of the business entity;

(5) is a member of the board of directors or other governing board of the business entity;

(6) serves as an elected officer of the business entity; or

(7) is an employee of the business entity.

§ 572.006. Determination of Dependent Child

An individual's child, including an adopted child or stepchild, is the individual's dependent during a calendar year in which the individual provides more than 50 percent of the child's support.

§ 572.007. Penalties Imposed by Commission

This chapter does not prohibit the imposition of civil penalties by the commission in addition to criminal penalties or other sanctions imposed by law.

§ 572.008. Venue

An offense under this chapter, including perjury, may be prosecuted in Travis County or in any other county in which it may be prosecuted under the Code of Criminal Procedure.

SUBCHAPTER B. PERSONAL FINANCIAL STATEMENT

§ 572.021. Financial Statement Required

Except as provided by Section 572.0211, a state officer, a partisan or independent candidate for an office as an elected officer, and a state party chair shall file with the commission a verified financial statement complying with Sections 572.022 through 572.0252.

§ 572.0211. Filing By Holdover Officer Not Required

- (a) An appointed officer who resigns from office and who ceases to participate in the state agency's functions is not required to file a financial statement that is due because of service in that office after the effective date of the resignation.
- (b) An appointed officer whose term of office expires and who ceases to participate in the functions of the state agency is not required to file a financial statement that is due because of service in that office after the date the term of office expires.
- (c) An appointed officer of a state agency that is abolished or whose functions are transferred to another state agency is not required to file a financial statement that is due because of service after the date that the agency is abolished or the functions of the agency are transferred.
- (d) An appointed officer who resigns or whose term of office expires who does not intend to participate in the functions of the state agency shall deliver written notice of the officer's intention to the governor and the commission.

The changes in the law made to Section 572.022 by the 80th Legislature, Regular Session, 2007, apply only to personal financial statements required to be filed under this subchapter on or after January 1, 2008.

§ 572.022. Reporting Categories; *Required Descriptions*

(a) If an amount in a financial statement is required to be reported by category, the individual filing the statement shall report whether the amount is:

- (1) less than \$5,000;
- (2) at least \$5,000 but less than \$10,000;
- (3) at least \$10,000 but less than \$25,000; or
- (4) \$25,000 or more.

(b) The individual filing the statement shall report an amount of stock by category of number of shares instead of by category of dollar value and shall report whether the amount is:

- (1) less than 100 shares;
- (2) at least 100 but less than 500 shares;
- (3) at least 500 but less than 1,000 shares;
- (4) at least 1,000 but less than 5,000 shares;
- (5) at least 5,000 but less than 10,000 shares; or
- (6) 10,000 shares or more.

(c) The individual filing the statement shall report a description of real property by reporting:

- (1) 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; and
- (2) the names of all persons retaining an interest in the property, excluding an interest that is a severed mineral interest.

(d) For a gift of cash or a cash equivalent such as a negotiable instrument or gift certificate that is reported in accordance with Section 572.023(b)(7), the individual filing the statement shall include in the description of the gift a statement of the value of the gift.

§ 572.023. Contents of Financial Statement in General

(a) A financial statement must include an account of the financial activity of the individual required by this subchapter to file a financial statement and an account of the financial activity of the individual's spouse and dependent children if the individual 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;

(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 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 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.

(c) For purposes of Subsections (b)(8) and (14), a blind trust is a trust as to which:

(1) the trustee:

(A) is a disinterested party;

(B) is not the individual;

(C) is not required to register as a lobbyist under Chapter 305;

(D) is not a public officer or public employee; and

(E) was not appointed to public office by the individual or by a public officer or public employee the individual supervises; and

(2) the trustee has complete discretion to manage the trust, including the power to dispose of and acquire trust assets without consulting or notifying the individual.

(d) If a blind trust under Subsection (c) is revoked while the individual is subject to this subchapter, the individual must 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.

§ 572.024. Information About Services for Lobbyists or Lobbyist Employers

A state officer who receives a fee for services rendered by the officer to or on behalf of a person required to be registered under Chapter 305, or to or on behalf of a person or entity that the officer actually knows directly compensates or reimburses a person required to be registered under Chapter 305, shall report on the financial statement the name of each person or entity for which the services were rendered and the category of the amount of each fee.

§ 572.025. Information About Legislators' Representation Before Executive State Agencies

A member of the legislature who represents another person for compensation before an executive state agency shall report on the financial statement:

(1) the name of the agency;

(2) the person represented by the member; and

(3) the category of the amount of compensation received by the member for that representation.

§ 572.0251. Information About Legislative Continuances

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, 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 shall report on the financial statement:

- (1) the name of the party represented;
- (2) the date on which the member or member-elect was retained to represent the party;
- (3) the style and cause number of the action in which the continuance was sought and the court and jurisdiction in which the action was pending when the continuance was sought;
- (4) the date on which the member or member-elect applied for a continuance; and
- (5) whether the continuance was granted.

§ 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 category of the amount of any fee accepted for making a referral for legal services.

<p>The changes in the law made to Section 572.026 by the 80th Legislature, Regular Session, 2007, apply only to personal financial statements required to be filed under this subchapter on or after January 1, 2008.</p>
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§ 572.026. Filing Dates for State Officers and State Party Chairs

- (a) Not later than April 30 each year, a state officer or a state party chair shall file the financial statement as required by this subchapter.
- (b) An individual who is appointed to serve as a salaried appointed officer or an appointed officer of a major state agency or who is appointed to fill a vacancy in an elective office shall file a financial statement not later than the *30th* day after the date of appointment or the date of qualification for the office, or if confirmation by the senate is required, before the first committee hearing on the confirmation, whichever date is earlier.
- (c) An individual who is appointed or employed as the executive head of a state agency shall file a financial statement not later than the 45th day after the date on which the individual assumes the duties of the position. A state agency shall immediately notify the commission of the appointment or employment of an executive head of the agency.
- (d) An individual required to file a financial statement under Subsection (a) may request the commission to grant an extension of not more than 60 days for filing the statement. The commission shall grant the request if it is received before the filing deadline or if a timely filing or request for extension is prevented because of physical or mental incapacity. The commission may not grant more than one extension to an individual in one year except for good cause shown.

§ 572.027. Filing Dates for Candidates

(a) Not later than the 40th day after the date of the regular filing deadline for an application for a place on the ballot in the general primary election, an individual who is a partisan or independent candidate for an office as an elected officer shall file the financial statement required by this subchapter.

(b) If the deadline under which a candidate files an application for a place on the ballot, other than the regular filing deadline for an independent candidate, or files a declaration of write-in candidacy falls after the date of the regular filing deadline for candidates in the general primary election, the candidate shall file the financial statement not later than the 30th day after that later deadline. However, if that deadline falls after the 35th day before the date of the election in which the candidate is running, the candidate shall file the statement not later than the fifth day before the date of that election.

(c) An individual who is a candidate in a special election for an office as an elected officer shall file the financial statement not later than the fifth day before the date of that election.

(d) An individual nominated to fill a vacancy in a nomination as a candidate for a position as an elected officer under Chapter 145, Election Code, shall file the financial statement not later than the 15th day after the date the certificate of nomination required by Section 145.037 or 145.038, Election Code, is filed.

§ 572.028. Duplicate Statements

If an individual has filed a financial statement under one provision of this subchapter covering the preceding calendar year, the individual is not required to file a financial statement required under another provision of this subchapter to cover that same year if, before the deadline for filing the statement under the other provision, the individual notifies the commission in writing that the individual has already filed a financial statement under the provision specified.

§ 572.029. Timeliness of Filing

(a) The deadline for filing a financial statement required by this subchapter is 5 p.m. of the last day designated in the applicable provision for filing the statement.

(b) If the last day for filing the financial statement is a Saturday, Sunday, or holiday included under Subchapter B, Chapter 662, the statement is timely if filed on the next day that is not a Saturday, Sunday, or listed holiday.

(c) A financial statement is timely filed if it is properly addressed and placed in the United States Post Office or in the hands of a common or contract carrier not later than the last day for filing the financial statement. The post office cancellation mark or the receipt mark of a common or contract carrier is prima facie evidence of the date the statement was deposited with the post office or carrier. The individual filing the statement may show by competent evidence that the actual date of posting was different from that shown by the marks.

The changes in the law made to Section 572.030 by the 80th Legislature, Regular Session, 2007, apply only to personal financial statements required to be filed under this subchapter on or after January 1, 2008.

§ 572.030. Preparation and Mailing of Forms

(a) The commission shall design forms that may be used for filing the financial statement under this subchapter.

(b) The commission shall mail to each individual required to file under this subchapter *a notice that:*

(1) states that the individual is required to file a financial statement under this subchapter;

(2) identifies the filing dates for the financial statement as provided by Sections 572.026 and 572.027;

(3) describes the manner in which the individual may obtain the financial statement forms and instructions from the commission's Internet website;

(4) states that on request of the individual, the commission will mail to the individual a copy of the financial statement forms and instructions; and

(5) states, if applicable, the fee for mailing the forms and instructions and the manner in which the individual may pay the fee.

(c) The notice required by Subsection (b) must be mailed:

(1) before the 30th day before the deadline for filing the financial statement under Section 572.026(a) or (c), except as otherwise provided by this subsection;

(2) not later than the 15th day after the applicable deadline for filing an application for a place on the ballot or a declaration of write-in candidacy for candidates required to file under Section 572.027(a), (b), or (c);

(3) not later than the seventh day after the date of appointment for individuals required to file under Section 572.026(b), or if the legislature is in session, sooner if possible; and

(4) not later than the fifth day after the date the certificate of nomination is filed for candidates required to file under Section 572.027(d).

(d) The commission shall mail a copy of the financial statement forms and instructions to an individual not later than the third business day after the date the commission receives the individual's request for the forms and instructions.

(e) The commission may charge a fee for mailing the financial statement forms and instructions to an individual. The amount of the fee may not exceed the reasonable cost of producing and mailing the forms and instructions.

§ 572.031. Determination of Compliance With Subchapter

(a) The commission shall conduct a continuing survey to determine whether all individuals required to file financial statements under this subchapter have filed statements in compliance with this subchapter.

(b) If the commission determines that an individual has failed to file the statement in compliance with this subchapter, the commission shall send a written statement of the determination to the appropriate prosecuting attorneys of the state.

<p>The changes in the law made to Section 572.032 by the 80th Legislature, Regular Session, 2007, apply only to personal financial statements required to be filed under this subchapter on or after January 1, 2008.</p>
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§ 572.032. Public Access to Statements

(a) Financial statements filed under this subchapter are public records. The commission shall maintain the statements in separate alphabetical files and in a manner that is accessible to the public during regular office hours.

(a-1) The commission shall remove the home address of a judge or justice from a financial statement filed under this subchapter before:

(1) permitting a member of the public to view the statement; or

(2) providing a copy of the statement to a member of the public.

(b) During the one-year period following the filing of a financial statement, each time a person requests to see the financial statement, excluding the commission or a commission employee acting on official business, the commission shall place in the file a statement of the person's name and address, whom the person represents, and the date of the request. The commission shall retain that statement in the file for one year after the date the requested financial statement is filed.

(c) After the second anniversary of the date the individual ceases to be a state officer, the commission may and on notification from the former state officer shall destroy each financial statement filed by the state officer.

§ 572.033. Civil Penalty

(a) The commission shall determine from any available evidence whether a statement required to be filed under this subchapter is late. On making a determination that the statement is late, the commission shall immediately mail a notice of the determination to the individual responsible for filing the statement and to the appropriate attorney for the state.

(b) 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. If a statement is more than 30 days late, the commission shall issue a warning of liability by registered mail to the individual responsible for the filing. If the penalty is not paid before the 10th day after the date on which the warning is received, the individual is liable for a civil penalty in an amount determined by commission rule, but not to exceed \$10,000.

(c) This section is cumulative of any other available sanction for a late filing of a sworn statement.

§ 572.034. Criminal Penalty

(a) An individual commits an offense if the individual is a state officer or candidate or state party chair and knowingly and willfully fails to file a financial statement as required by this subchapter.

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

(c) In a prosecution for failure to file a financial statement under this section, it is a defense that the individual did not receive copies of the financial statement form required by this subchapter to be mailed to the individual.

**SUBCHAPTER C. STANDARDS OF CONDUCT AND CONFLICT
OF INTEREST PROVISIONS**

§ 572.051. Standards of Conduct; *State Agency Ethics Policy*

(a) A state officer or employee should not:

(1) accept or solicit any gift, favor, or service that might reasonably tend to influence the officer or employee in the discharge of official duties or that the officer or employee knows or should know is being offered with the intent to influence the officer's or employee's official conduct;

(2) accept other employment or engage in a business or professional activity that the officer or employee might reasonably expect would require or induce the officer or employee to disclose confidential information acquired by reason of the official position;

(3) accept other employment or compensation that could reasonably be expected to impair the officer's or employee's independence of judgment in the performance of the officer's or employee's official duties;

(4) make personal investments that could reasonably be expected to create a substantial conflict between the officer's or employee's private interest and the public interest; or

(5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the officer's or employee's official powers or performed the officer's or employee's official duties in favor of another.

(b) A state employee who violates Subsection (a) or an ethics policy adopted under Subsection (c) is subject to termination of the employee's state employment or another employment-related sanction. Notwithstanding this subsection, a state officer or employee who violates Subsection (a) is subject to any applicable civil or criminal penalty if the violation also constitutes a violation of another statute or rule.

(c) Each state agency shall:

(1) adopt a written ethics policy for the agency's employees consistent with the standards prescribed by Subsection (a) and other provisions of this subchapter; and

(2) distribute a copy of the ethics policy and this subchapter to:

(A) each new employee not later than the third business day after the date the person begins employment with the agency; and

(B) each new officer not later than the third business day after the date the person qualifies for office.

(d) The office of the attorney general shall develop, in coordination with the commission, and distribute a model policy that state agencies may use in adopting an agency ethics policy under Subsection (c). A state agency is not required to adopt the model policy developed under this subsection.

(e) Subchapters E and F, Chapter 571, do not apply to a violation of this section.

(f) Notwithstanding Subsection (e), if a person with knowledge of a violation of an agency ethics policy adopted under Subsection (c) that also constitutes a criminal offense under another law of this state reports the violation to an appropriate prosecuting attorney, then, not later than the 60th day after the date a person notifies the prosecuting attorney under this subsection, the prosecuting attorney shall notify the commission of the status of the prosecuting attorney's investigation of the alleged violation. The commission shall, on the request of the prosecuting attorney, assist the prosecuting attorney in investigating the alleged violation. This subsection does not apply to an alleged violation by a member or employee of the commission.

(g) Not later than November 1, 2007, the office of the attorney general shall:

(1) develop a model ethics policy as required by Subsection (d); and

(2) distribute the policy to each state agency required to adopt an ethics policy under Subsection (c).

(h) Not later than January 1, 2008, each state agency shall:

(1) adopt an ethics policy as required by Subsection (c); and

(2) distribute a copy of the ethics policy and this subchapter to each employee of the agency.

(i) Subsections (g) and (h) and this subsection expire January 15, 2008.

§ 572.052. Representation by Legislators Before State Agencies; Criminal Offense

(a) A member of the legislature may not, for compensation, represent another person before a state agency in the executive branch of state government unless the representation:

- (1) is pursuant to an attorney-client relationship in a criminal law matter; or
- (2) involves the filing of documents that involve only ministerial acts on the part of the commission, agency, board, department, or officer.

(b) A member of the legislature commits an offense if the member violates this section. An offense under this subsection is a Class A misdemeanor.

§ 572.053. Voting by Legislators on Certain Measures or Bills; Criminal Offense

(a) A member of the legislature may not vote on a measure or a bill, other than a measure that will affect an entire class of business entities, that will directly benefit a specific business transaction of a business entity in which the member has a controlling interest.

(b) In this section, “controlling interest” includes:

- (1) an ownership interest or participating interest by virtue of shares, stock, or otherwise that exceeds 10 percent;
- (2) membership on the board of directors or other governing body of the business entity; or
- (3) service as an officer of the business entity.

(c) A member of the legislature commits an offense if the member violates this section. An offense under this subsection is a Class A misdemeanor.

§ 572.0531. Notice Required for Introduction or Sponsorship of or Voting on Certain Measures or Bills by Legislators

(a) A member shall 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, is registered as a lobbyist under Chapter 305 with respect to the subject matter of the measure or bill.

(b) A member of the house of representatives to whom Subsection (a) applies shall file a written notice of that fact with the chief clerk of the house of representatives. A senator to whom Subsection (a) applies shall file a written notice of that fact with the secretary of the senate. The member shall also file a notice with the commission. A notice filed under this subsection must:

(1) identify:

(A) the member;

(B) the measure, bill, or class of measures or bills with respect to which the notice is required under this section; and

(C) the person registered as a lobbyist; and

(2) be included in the journal of the house to which the member belongs.

(c) A person related to the member to whom Subsection (a) applies shall file a notice with the commission identifying:

(1) the person;

(2) the member; and

(3) the class of measures or bills with respect to which notice is required under this section.

(d) A person related to the member to whom Subsection (a) applies shall file the notice required by Subsection (c) not later than:

(1) the beginning of a regular or special legislative session as to which the person is registered as a lobbyist under Chapter 305 and will communicate directly with a member of the legislative branch with respect to the measure, bill, or class of measures or bills; or

(2) the seventh business day after the day the person agrees to accept reimbursement or compensation to communicate directly with a member of the legislative branch with respect to the measure, bill, or class of measures or bills, if the person agrees to accept the reimbursement or compensation after the beginning of a legislative session.

(e) 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, Texas Constitution.

(f) In this section, "communicates directly with" and "member of the legislative branch" have the meanings assigned by Section 305.002.

§ 572.054. Representation by Former Officer or Employee of Regulatory Agency Restricted; Criminal Offense

(a) A former member of the governing body or a former executive head of a regulatory agency may not make any communication to or appearance before an officer or employee of the agency in which the member or executive head served before the second anniversary of the date the member or executive head ceased to be a member of the governing body or the executive head of the agency if the communication or appearance is made:

(1) with the intent to influence; and

(2) on behalf of any person in connection with any matter on which the person seeks official action.

(b) A former state officer or employee of a regulatory agency who ceases service or employment with that agency on or after January 1, 1992, may not represent any person or receive compensation for services rendered on behalf of any person regarding a particular matter in which the former officer or employee participated during the period of state service or employment, either through personal involvement or because the case or proceeding was a matter within the officer's or employee's official responsibility.

(c) Subsection (b) applies only to:

(1) a state officer of a regulatory agency; or

(2) a state employee of a regulatory agency who is compensated, as of the last date of state employment, at or above the amount prescribed by the General Appropriations Act for step 1, salary group 17, of the position classification salary schedule, including an employee who is exempt from the state's position classification plan.

(d) Subsection (b) does not apply to a rulemaking proceeding that was concluded before the officer's or employee's service or employment ceased.

(e) Other law that restricts the representation of person before a particular state agency by a former state officer or employee of that agency prevails over this section.

(f) An individual commits an offense if the individual violates this section. An offense under this subsection is a Class A misdemeanor.

(g) In this section, the comptroller and the secretary of state are not excluded from the definition of "regulatory agency."

(h) In this section:

(1) "Participated" means to have taken action as an officer or employee through decision, approval, disapproval, recommendation, giving advice, investigation, or similar action.

(2) "Particular matter" means a specific investigation, application, request for a ruling or determination, rulemaking proceeding, contract, claim, charge, accusation, arrest, or judicial or other proceeding.

§ 572.055. Certain Solicitations of Regulated Business Entities Prohibited; Criminal Offense

(a) An association or organization of employees of a regulatory agency may not solicit, accept, or agree to accept anything of value from a business entity regulated by that agency and from which the business entity must obtain a permit to operate that business in this state or from an individual directly or indirectly connected with that business entity.

(b) A business entity regulated by a regulatory agency and from which the business entity must obtain a permit to operate that business in this state, or an individual directly or indirectly connected with that business entity may not offer, confer, or agree to confer on an association or organization of employees of that agency anything of value.

(c) This section does not apply to an agency regulating the operation or inspection of motor vehicles or an agency charged with enforcing the parks and wildlife laws of this state.

(d) A person commits an offense if the person intentionally or knowingly violates this section. An offense under this subsection is a Class A misdemeanor.

§ 572.056. Contracts by State Officers With Governmental Entities; Criminal Offense

(a) A state officer may not solicit or accept from a governmental entity a commission, fee, bonus, retainer, or rebate that is compensation for the officer's personal solicitation for the award of a contract for services or sale of goods to a governmental entity.

(b) This section does not apply to:

(1) a contract that is awarded by competitive bid as provided by law and that is not otherwise prohibited by law; or

(2) a court appointment.

(c) In this section, "governmental entity" means the state, a political subdivision of the state, or a governmental entity created under the Texas Constitution or a statute of this state.

(d) A state officer who violates this section commits an offense. An offense under this subsection is a Class A misdemeanor.

§ 572.057. Certain Leases Prohibited

(a) A member of the legislature, an executive or judicial officer elected in a statewide election, or a business entity in which the legislator or officer has a substantial interest may not lease any office space or other real property to the state, a state agency, the legislature or a legislative agency, the Supreme Court of Texas, the Court of Criminal Appeals, or a state judicial agency.

(b) A lease made in violation of Subsection (a) is void.

(c) This section does not apply to an individual who is an elected officer on June 16, 1989, for as long as the officer holds that office.

§ 572.058. Private Interest in Measure or Decision; Disclosure; Removal From Office for Violation

(a) An elected or appointed officer, other than an officer subject to impeachment under Article XV, Section 2, of the Texas Constitution, who is a member of a board or commission having policy direction over a state agency and who has a personal or private interest in a measure, proposal, or decision pending before the board or commission shall publicly disclose the fact to the board or commission in a meeting called and held in compliance with Chapter 551. The officer may not vote or otherwise participate in the decision. The disclosure shall be entered in the minutes of the meeting.

(b) An individual who violates this section is subject to removal from office on the petition of the attorney general on the attorney general's own initiative or on the relation of a resident or of any other member of the board or commission. The suit must be brought in a district court of Travis County or of the county where the violation is alleged to have been committed.

(c) If the court or jury finds from a preponderance of the evidence that the defendant violated this section and that an ordinary prudent person would have known the individual's conduct to be a violation of this section, the court shall enter judgment removing the defendant from office.

(d) A suit under this section must be brought before the second anniversary of the date the violation is alleged to have been committed, or the suit is barred.

(e) The remedy provided by this section is cumulative of other methods of removal from office provided by the Texas Constitution or a statute of this state.

(f) In this section, "personal or private interest" has the same meaning as is given to it under Article III, Section 22, of the Texas Constitution, governing the conduct of members of the legislature. For purposes of this section, an individual does not have a "personal or private interest" in a measure, proposal, or decision if the individual is engaged in a profession, trade, or occupation and the individual's interest is the same as all others similarly engaged in the profession, trade, or occupation.

§ 572.059. Independence of State and Local Officers Acting in Legislative Capacity

(a) In this section, "legislative measure" includes:

(1) a bill, resolution, order, or other proposal to adopt, enact, amend, or repeal a statute, ordinance, rule, or policy of general application;

(2) a proposal to adopt, enact, amend, or repeal, or to grant a variance or other exception to, a zoning ordinance; or

(3) a proposed constitutional amendment or charter amendment subject to a vote of the electorate.

(b) 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) To protect the independence of state and local officers acting in a 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:

(1) an action permitted by law that the officer takes in the officer's official capacity regarding a legislative measure;

(2) proposing, endorsing, or expressing support for or opposition to a legislative measure or taking any action permitted by law to support or oppose a legislative measure;

(3) the effect of a legislative measure or of a change in law proposed by a legislative measure on any person; or

(4) a breach of duty, in connection with the member's practice of or employment in a licensed or regulated profession or occupation, to disclose to any person information, or to obtain a waiver or consent from any person, regarding:

(A) the officer's actions relating to a legislative measure; or

(B) the substance, effects, or potential effects of a legislative measure.

§ 572.060. Solicitation Of Or Recommendations Regarding Contributions To Charitable Organizations And Governmental Entities

(a) Unless otherwise prohibited by the Code of Judicial Conduct, a state officer or state employee may:

(1) solicit from any person a contribution to:

(A) an organization that:

(i) is exempt from income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed under Section 501(c)(3) of that code;

(ii) does not attempt to influence legislation as a substantial part of the organization's activities; and

(iii) has not elected under Section 501(h), Internal Revenue Code of 1986, to have that subsection apply to the organization; or

(B) a governmental entity; or

(2) recommend to any person that the person make a contribution to an organization or entity described by Subdivision (1).

(b) A monetary contribution solicited or recommended as provided by Subsection (a) must:

(1) be paid or made directly to the charitable organization or governmental entity by the person making the contribution;

(2) be in the form of a check, money order, or similar instrument payable to the charitable organization or governmental entity; or

(3) be in the form of a deduction from a state employee's salary or wage payment under the state employee charitable campaign under Subchapter I, Chapter 659.

(c) A contribution solicited or recommended as provided by Subsection (a) that is not a monetary contribution must be delivered directly to the charitable organization or governmental entity by the person making the contribution.

(d) A contribution paid as provided by Subsection (b) or delivered as provided by Subsection (c) is not:

(1) a political contribution to, or political expenditure on behalf of, the state officer or state employee for purposes of Title 15, Election Code;

(2) an expenditure for purposes of Chapter 305; or

(3) a benefit to the state officer or state employee for purposes of Sections 36.08 and 36.09, Penal Code.

§ 572.061. Certain Gratuities Authorized

This subchapter does not prohibit the acceptance of a gratuity that is accepted and reported in accordance with Section 11.0262, Parks and Wildlife Code.