GOVERNMENT CODE

TITLE 5. OPEN GOVERNMENT; ETHICS

SUBTITLE B. ETHICS

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

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 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.


Acts 2005, 79th Leg., Ch. 1253, Sec. 1, eff. June 18, 2005.

Sec. 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) Repealed by Acts 2009, 81st Leg., R.S., Ch. 87, Sec. 11.012, eff. September 1, 2009.
(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;
the Motor Vehicle Board;
the Texas Real Estate Commission;
the board of directors of the State Bar of Texas;
the bond review board;
the Texas Board of Health;
the Texas Board of Mental Health and Mental Retardation;
the Texas Board on Aging;
the Texas Board of Human Services;
the Texas Funeral Service Commission;
the board of directors of a river authority created under the Texas Constitution or a statute of this state;
or
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.

Amended by:
Acts 2007, 80th Leg., R.S., Ch. 937, Sec. 3.09, eff. September 1, 2007.
Acts 2009, 81st Leg., R.S., Ch. 87, Sec. 11.012, eff. September 1, 2009.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

SUBCHAPTER B. PERSONAL FINANCIAL STATEMENT

Sec. 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.


Amended by:
Acts 2005, 79th Leg., Ch. 630, Sec. 2, eff. June 17, 2005.

Sec. 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.

Added by Acts 2005, 79th Leg., Ch. 630, Sec. 1, eff. June 17, 2005.

Sec. 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.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2003, 78th Leg., ch. 249, Sec. 5.02, eff. Sept. 1, 2003. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 342, Sec. 1, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 342, Sec. 2, eff. September 1, 2007.

Sec. 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.