

HB 23 Changes to Conflicts of Interest Disclosure

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Summary

- Conflict of Interest Disclosure (CIQ) was required before, but new parameters are more strict.
- In this presentation:
 - Who, what, when, and where of disclosure under the new statute
 - Recommendations for best practices

Conflict of Interest Law

- Chapter 176 of the Local Government Code dictates required conflict of interest disclosure for local government contracts.
- During the last legislative session, the Texas Legislature passed House Bill 23, which amends Chapter 176.
- The amendments make disclosure mandatory in more circumstances.

Who must disclose?

- Vendors and Local Government Officers of Local Government Entities.
- Vendor = a person who enters or seeks to enter a contract with a local government entity or their agent.
- Local Government Officer =
 - A member of the governing body of the local government entity.
 - The Executive Officer of the governmental entity.
 - An agent of a local government entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.

What must be disclosed?

- 3 general things must be disclosed:
 - Family relationships
 - Business relationships
 - Financial gifts
- Disclosure slightly different for vendors vs. local government officers.

What must be disclosed: Family relationships

- Up to and including the 3rd degree of *consanguinity* (or blood relationship): parents, siblings, grandparents, great-grandparents, aunts/uncles, nieces/nephews.
- 2nd degree of *affinity* (or marital relationship): spouse, in-laws, stepchildren, stepparents, spouse's grandparents or grandchildren.

What must be disclosed: Employment/Business relationships

- Employment or business relationships when:
 - In the 12 months before the local government entity and vendor enter or consider entering into a contract
 - An officer of the local government entity or their family member (see prior slide)
 - Have received more than \$2,500 in taxable income from the vendor (not including investment income).

What must be disclosed: Financial gifts

- Gifts from a vendor to a local government officer:
 - In the 12 months before the local government entity and vendor enter or consider entering into a contract.
 - An officer of the local government entity or their family member (see prior slide).
 - Have received more than \$100 in gifts unless:
 - The gifts are valid political contributions or
 - Food accepted as a guest

Who must disclose what?

- Vendors are required by statute to disclose all financial gifts, business/employment relationships, and family relationships.
- Local government entities are required by statute only to disclose financial and business/employment relationships, not family relationships. This might have been an accident.

When must disclosure be made?: Contracts made after Jan. 1, 2016

- The vendor and the local government officer must file a conflict of interest questionnaire no later than 5 p.m. on the 7th business day after they become aware of a relationship or gift that must be disclosed.
- Existing vendors need not fill out a new conflicts of interest form if nothing has changed since the new law came into effect – BUT if it forms a new relationship with a local government entity that it must disclose, it must file an updated conflict of interest questionnaire no later than 5 p.m. on the 7th business day after discovering the interest.

Where must disclosure be made?

- The Texas Ethics Commission has standard forms available:
 - For a vendor:
<https://www.ethics.state.tx.us/forms/CIQ.pdf>
 - For a local government officer:
<https://www.ethics.state.tx.us/forms/CIS.pdf>
- Both the vendor and local government officer should be disclosing the relationship.
- File at purchasing department, it should then be posted online on the purchasing department's section of the County website.

Recommendations for Best Practices:

- Add parameters to procurement advertisements so potential vendors are aware.
- Send advisories to all County offices/departments to ensure those in the County who need to disclose are aware.
- Although not required, have all vendors file a conflict of interest form, even if there is no conflict of interest, to ensure transparency.
- Although not required, have any County employee/official who participates in the selection of a vendor complete a conflict of interest form, even if there is no conflict of interest, to ensure transparency.

More Info

- Texas Ethics Commission questionnaire includes a detailed instructions page:
<https://www.ethics.state.tx.us/forms/CIQ.pdf>
- We are available :
 - via phone at (956)-292-7609
 - Via email at
josephine.ramirez@da.co.hidalgo.tx.us or
erin.thorn@da.co.hidalgo.tx.us