

General Info on TX Interested Parties Disclosure Law

<https://www.ethics.state.tx.us/tec/1295-Info.htm>

TX Interested Parties Statute

<https://www.ethics.state.tx.us/statutes/Gov-Code-2252.908-12-19-17.htm#2252.908>

Sec. 2252.908. DISCLOSURE OF INTERESTED PARTIES

(a) In this section:

- (1) "Business entity" means any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, or corporation.
- (2) "Governmental entity" means a municipality, county, public school district, or special-purpose district or authority.
- (3) "Interested party" means a person who has a controlling interest in a business entity with whom a governmental entity or state agency contracts or who actively participates in facilitating the contract or negotiating the terms of the contract, including a broker, intermediary, adviser, or attorney for the business entity.
- (4) "State agency" means a board, commission, office, department, or other agency in the executive, judicial, or legislative branch of state government. The term includes an institution of higher education as defined by Section [61.003](#), Education Code.

(b) This section applies only to a contract of a governmental entity or state agency that:

- (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed; or
- (2) has a value of at least \$1 million.

(c) Notwithstanding Subsection (b), this section does not apply to:

- (1) a sponsored research contract of an institution of higher education;
- (2) an interagency contract of a state agency or an institution of higher education; or
- (3) a contract related to health and human services if:
 - (A) the value of the contract cannot be determined at the time the contract is executed; and
 - (B) any qualified vendor is eligible for the contract.

*Text of subsection as amended by Acts 2017, 85th R.S., Ch. 526 (SB 255)
(Changes identified by italicized text apply only to a contract entered into or amended on or after January 1, 2018).*

(c) Notwithstanding Subsection (b), this section does not apply to:

- (1) a sponsored research contract of an institution of higher education;*
- (2) an interagency contract of a state agency or an institution of higher education;*
- (3) a contract related to health and human services if:*
 - (A) the value of the contract cannot be determined at the time the contract is executed; and*
 - (B) any qualified vendor is eligible for the contract;*
- (4) a contract with a publicly traded business entity, including a wholly owned subsidiary of the business entity;*

- (5) a contract with an electric utility, as that term is defined by Section 31.002, Utilities Code; or
- (6) a contract with a gas utility, as that term is defined by Section 121.001, Utilities Code.

(d) A governmental entity or state agency may not enter into a contract described by Subsection (b) with a business entity unless the business entity, in accordance with this section and rules adopted under this section, submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency.

(e) The disclosure of interested parties must be submitted on a form prescribed by the Texas Ethics Commission that includes:

- (1) a list of each interested party for the contract of which the contracting business entity is _____ aware; and
- (2) the signature of the authorized agent of the contracting business entity, acknowledging that the disclosure is made under oath and under penalty of perjury.

*Text of subsection as amended by Acts 2017, 85th R.S., Ch. 526 (SB 255)
 (Changes identified by italicized text apply only to a contract entered into or amended on or after January 1, 2018).*

(e) The disclosure of interested parties must be submitted on a form prescribed by the Texas Ethics Commission that includes:

- (1) a list of each interested party for the contract of which the contracting business entity is _____ aware; and
- (2) a written, unsworn declaration subscribed by the authorized agent of the contracting business entity as true under penalty of perjury that is in substantially the following form:

“My name is _____, my
 date of birth is _____, and my address is
 _____,
 _____ (Street) _____ (City) _____ (State) _____ (Zip Code)
 _____ (Country)

I declare under penalty of perjury that the foregoing is true and correct.
 Executed in _____ County, State of _____, on the _____ day
 of _____,
 _____ (Month) _____ (Year)

 Declarant”.

(f) Not later than the 30th day after the date the governmental entity or state agency receives a disclosure of interested parties required under this section, the governmental entity or state agency shall submit a copy of the disclosure to the Texas Ethics Commission.

(g) The Texas Ethics Commission shall adopt rules necessary to implement this section, prescribe the disclosure of interested parties form, and post a copy of the form on the commission's Internet website.

Added by Acts 2015, 84th Leg., R.S., Ch. 1024 (H.B. [1295](#)), Sec. 3, eff. September 1, 2015. Amended by Acts 2017, 85th Leg., R.S., Ch. 526 (SB [255](#), Sec. 5, eff. September 1, 2017).

TX Ethics Commission Rules on Disclosure of Interested Parties (not specifically authorized by statute)

<https://www.ethics.state.tx.us/legal/ch46.html>

§ 46.3. Definitions

(a) “Contract” means a contract between a governmental entity or state agency and a business entity at the time it is voted on by the governing body or at the time it binds the governmental entity or state agency, whichever is earlier, and includes an amended, extended, or renewed contract.

(b) “Business entity” includes an entity through which business is conducted with a governmental entity or state agency, regardless of whether the entity is a for-profit or nonprofit entity. The term does not include a governmental entity or state agency.

(c) “Controlling interest” means: (1) **an ownership interest or participating interest in a business entity by virtue of units, percentage, shares, stock, or otherwise that exceeds 10 percent;**¹ (2) membership on the board of directors or other governing body of a business entity of which the board or other governing body is composed of not more than 10 members;² or (3) service as an officer of a business entity that has four or fewer officers, or service as one of the four officers most highly compensated by a business entity that has more than four officers. Subsection (3) of this section does not apply to an officer of a publicly held business entity or its wholly owned subsidiaries.

¹ Note: At present, no party’s ownership of AT&T’s shares exceeds 7.15%. As of 02/08/18, Paul Wilson (Legal) has advised that we respond to RFP inquiries on AT&T Inc. Stock ownership of over 5% in the following manner, which suggests that Vanguard’s 10%+ isn’t commonly owned/held: “As of December 31, 2017, BlackRock Inc. owned 376,827,658 shares (6.1%) of AT&T Inc. common stock (as disclosed in Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 8, 2018) and The Vanguard Group owned 439,421,300 (7.15%) of AT&T Inc. common stock (as disclosed in Schedule 13G filed by The Vanguard Group with the SEC on February 8, 2018).” Paul also confirmed on 07/25/18 that any party holding more than 10% of AT&T’s stock (however held) would have to make SEC filings that are not currently being made. So we should be in the clear on this point (i.e., even though at <https://finance.yahoo.com/quote/T/holders/> it looks like The Vanguard Group, Inc. and its affiliates may hold more than 10% in the aggregate – which in light of the lack of SEC filings suggests those other Vanguard parties are sufficiently distinct as to not present an issue).

² Note: AT&T’s board of directors has 13 members at present. See <https://investors.att.com/corporate-governance/board-of-directors>. The Vanguard Group, Inc., if it were applicable (which it is not, see above), has a board of directors made up of 12 members. See <https://about.vanguard.com/who-we-are/our-leaders/>.

(d) "Interested party" means: (1) a person who has a controlling interest in a business entity with whom a governmental entity or state agency contracts; or (2) an intermediary.

(e) "Intermediary," for purposes of this rule, means, a person who actively participates in the facilitation of the contract or negotiating the contract, including a broker, adviser, attorney, or representative of or agent for the business entity who:

(1) receives compensation from the business entity for the person's participation;

(2) communicates directly with the governmental entity or state agency on behalf of the business entity regarding the contract; and

(3) is not an employee of the business entity or of an entity with a controlling interest in the business entity.

(f) "Signed" includes any symbol executed or adopted by a person with present intention to authenticate a writing, including an electronic signature.

(g) "Value" of a contract is based on the amount of consideration received or to be received by the business entity from the governmental entity or state agency under the contract.

Sample TX Interested Parties Disclosure Form (adopted by TX Ethics Commission per Subsection (e) of § 2252.908 Disclosure of Interested Parties of Texas Gov't Code)

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