

Financial Disclosure Packet

TML has prepared the following packet of forms and information to assist city officials and candidates for city office with the financial disclosure requirements of Chapter 145 of the Local Government Code. The requirements apply **only** to each city with a population of 100,000 or greater. Chapter 145:

- 1) Requires each mayor, each member of a municipal governing body, each municipal attorney, each city manager, and each candidate for municipal office to file an annual financial statement with the city clerk or secretary.
- 2) Requires that the financial statement include an account of the financial activity of the covered individual and the individual's spouse and dependent children, if the individual had control over that activity.
- 3) Requires that the financial statement disclose certain income sources, business and real estate interests, investments and earnings, loans, gifts, and contracts with governmental entities.
- 4) Requires that financial statements be made on a form designed by the Texas Ethics Commission.
- 5) Provides that statements are public records.
- 6) Provides that failure to file a statement is a class B misdemeanor, which is punishable by a fine of up to \$2,000, imprisonment of up to 180 days, or both.

Included in this packet are the following:

- 1) Personal Financial Statement Guidelines: Provides guidance to both candidates and city officials on filing deadlines and subject matter. It also provides information for city officials, such as the city secretary and city attorney, who are involved in administering the financial disclosure process.
- 2) Request to See Financial Statement: This is the form filled out by citizens requesting financial statement information.
- 3) List of Municipal Officers and Candidates: Local Government Code Section 145.008 requires that certain specifically enumerated city officials provide financial disclosure information. This form helps keep track of which officials have filed for a given year.

Note: The personal financial statement (the document that will be filed with the city) is created by the Texas Ethics Commission and is available on the Commission's web site: <https://www.ethics.state.tx.us/>. The statements are filed and maintained locally by the city secretary. They should not be sent to the Texas Ethics Commission or any other state agency. Be sure to sign and notarize the affidavit at the back of the forms.

PERSONAL FINANCIAL STATEMENT GUIDELINES

The financial disclosure requirements apply only in a city with a population of 100,000 or more.

Candidates for elected municipal office are required to file the financial disclosure statement not later than the earlier of:

1. the twentieth day after the deadline for filing an application for a place on the ballot in the election; or
2. the fifth day before the date of the election.

Annually, the mayor, city councilmembers, the city manager, and the city attorney must file a financial disclosure statement for the preceding year by April 30.

A new city manager or a new city attorney must file a financial disclosure statement within forty-five days of assuming the duties of office.

Municipal officers and candidates for elected municipal office must file the financial statement on a form provided by the Texas Ethics Commission. This form includes an account of financial activity for the individual, as well as for spouses and dependent children (if the individual had actual control over their financial activity for the preceding calendar year). A detailed listing of the required contents can be found in Section 572.023 of the Texas Government Code. A summary of the required contents of the financial statement is as follows:

1. a list of all sources of occupational income;
2. identification and 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 for limited exceptions as set forth in the statute;
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 Section 572.023(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 a corporation, firm, partnership, or other business association in which 5% or more of the outstanding ownership was held, acquired, or sold; and by description the category of the amount of all assets and liabilities of a corporation, firm, partnership, or other business association in which 50% 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, etc., including the name of each and the position held;
11. identification of any person providing transportation, meals, or lodging expenses permitted under the honorarium exception in Section 36.07(b) of the Penal Code and the amount of those expenses, other than expenditures required to be reported under Government Code Chapter 305;
12. any corporation, firm, partnership, etc., in which both the individual and a person registered under Chapter 305 (Lobbyist) 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;
14. identification and detailed disclosure of each blind trust that complies with Section 572.023(b)(14); and

15. certain contracts with a governmental entity or a person who contracts with a governmental entity if the individual, the individual's spouse or dependent child, or any business entity for which any of those individuals has at least a 50 percent ownership interest is a party..

If information in the financial disclosure form is required to be filed by category, Section 572.022 sets forth reporting categories. Specifically, if an amount 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.

Furthermore, 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.

Real property shall be described 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.

For a gift of cash or a cash equivalent such as a negotiable instrument or gift certificate that is reported, the individual filing the statement shall include in the description of the gift a statement of the value of the gift.

The completed financial disclosure statement is filed with the city clerk or secretary.

The city secretary shall deliver at least one copy of the form to each municipal officer or candidate for municipal office within the timeframe set forth below. The city secretary may choose one or more of the following methods of delivery: mail, personal delivery, e-mail, or other means of electronic transfer.

Municipal Officers: The copy of the form shall be delivered to municipal officers at least thirty days prior to the April 30th filing deadline.

Candidates for Elected Municipal Office: The copy of the form shall be delivered to candidates for elected municipal office at least ten days prior to the filing deadline.

Both criminal and civil penalties may be imposed for failure to file a financial disclosure statement. An offense under Chapter 145 is a class B misdemeanor, which is punishable by a fine up to \$2,000 and/or confinement up to 180 days.

In addition, Section 145.010 sets forth a process whereby a civil penalty up to \$1,000 can be assessed upon failure to comply after notice is received from the city attorney.

Section 145.007 provides that the financial disclosure statements are public records and are to be maintained so as to be accessible to the public during regular office hours.

The financial disclosure laws seem to indicate different filing deadlines depending on whether an individual is currently an elected official or simply a candidate for office. Personal financial statements of the mayor, councilmembers, city manager, and city attorney are due by April 30th of each year. Candidates for municipal office, including incumbents running for reelection are required to file the disclosure statements not later than the earlier of:

- 1) the twentieth day after the deadline for filing an application for a place on the ballot in the election; or
- 2) the fifth day before the election.

The majority of candidates will be required to file their financial statements by the twentieth day after the deadline for filing an application for a place on the ballot.

This deadline is 62 days before a regular election, making the candidate deadline for filing a personal financial statement 42 days before a regular election.

Granting of Extensions. The city secretary shall grant an extension of not more than sixty days for the filing of the financial disclosure statement to a municipal officer or a person appointed to a municipal office: (1) if the individual makes an extension request before the filing deadline; or (2) if the individual's physical or mental capacity prevents either the filing or the request for an extension before the filing date. Section 145.004(e), Texas Local Government Code. Extensions shall not be granted to candidates for elected municipal office. Section 145.004(f), Texas Local Government Code.

Notification to City Attorney. The city secretary shall maintain a list of the municipal officers and candidates required to file a financial disclosure statement. No later than ten days after the filing deadline, the city secretary shall provide a list to the city attorney showing for each municipal officer and candidate for municipal office: (1) whether the individual filed a timely statement; (2) whether the individual was granted an extension and the new filing deadline; or (3) whether the individual did not timely file a financial statement or receive an extension of time. Section 145.008, Texas Local Government Code.

Maintenance of Statements. Financial disclosure statements are filed with the city secretary. Section 145.003(b), Texas Local Government Code. In addition, the city secretary shall maintain the statements in separate alphabetical files and in a manner accessible by the public during regular office hours. Until the first anniversary of the filing, the city secretary shall place a statement in the file each time a person requests to see a financial statement setting forth the requestor's name and address, whom the person represents; and the date of the request. The city secretary *may* destroy financial statements two years after the individual ceases to be a municipal officer or candidate. However, the city secretary *must* destroy the statements two years after the individual ceases to be a municipal officer or candidate upon a request by an individual that the records be destroyed. Section 145.007, Texas Local Government Code.

REQUEST TO SEE FINANCIAL STATEMENT
(Required by Local Government Code Section 145.007(b))

Financial Statement requested (list one only): _____

Date: _____

Name: _____

Address: _____

Representing: _____

LIST OF MUNICIPAL OFFICERS AND CANDIDATES
(Required by Local Government Code Section 145.008
Due not later than the 10th day after the applicable filing deadline)

NAME	Filed (y/n)	Extension (y/n)	New due date, if extended
_____, Mayor	_____	_____	_____
_____, Council	_____	_____	_____
_____, Council	_____	_____	_____
_____, Council	_____	_____	_____
_____, Council	_____	_____	_____
_____, Council	_____	_____	_____
_____, City Manager	_____	_____	_____
_____, City Attorney	_____	_____	_____

Updated August 2017