

BILL ANALYSIS

By: Green

S.B. 1131
Enrolled

BACKGROUND:

Currently, a local public official who has a substantial interest in a business is prohibited from voting on a matter that would confer economic benefit to such business (Article 988b, V.T.C.S.). That article defines substantial interest as: (1) ownership of 10 percent or more of the voting stock; (2) ownership of \$2,500 or more of the fair market value of the entity; or (3) 10 percent of the person's annual gross income. This creates problems in small "company towns," where the majority of a city council may have a substantial interest in a single business. Some city leaders whose jobs, profit sharing programs, or pensions derive from such business are in violation of the law when they vote on matters relating to such business.

PURPOSE:

As proposed, S.B. 1131 provides that if a majority of the members of the governmental entity have to file an affidavit on a particular matter, they are not required to abstain from participation in the matter.

RULEMAKING AUTHORITY:

It is the committee's opinion that this bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS:

SECTION 1. Amends Section 3(a), Article 988b, V.T.C.S., to provide that a local public official commits an offense if he knowingly participates in a vote or decision on a matter involving real property in which the local public official has a substantial interest if it is reasonably foreseeable that an action on the matter would confer an economic benefit to the business entity involved.

SECTION 2. Amends Section 4, Article 988b, V.T.C.S., by adding Subsection (b), to provide that if a majority of the members of the governmental entity have to file an affidavit on a particular matter, they are not required to abstain from participation in the matter.

SECTION 3. Amends Section 5, Article 988b, V.T.C.S., by adding Subsection (c), to authorize a local public official to perform an act prohibited under Section 3 of this Act if a majority of the members of the governmental entity are required to file affidavits of similar interests under Section 4(b) of this Act on the official action.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date. September 1, 1987.

SECTION 6. Emergency clause.