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**PROCUREMENT AND PURCHASING:
Recent Developments in State and Federal Laws and Regulations**

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I. New Conflict of Interest Disclosure Requirements

Chapter 171 of the Local Government Code, which addresses disclosure and recusal requirements when a school board member or first degree relative has a substantial interest in a business entity, was not amended by the Legislature in 2015. Also, Chapter 553 of the Texas Government Code, dealing with disclosure of an ownership interest in real property by a trustee that the school district is interested in purchasing, was not amended by the Legislature in 2015. The appropriate forms that address the disclosure requirements under Chapter 171 of the Local Government Code and Chapter 553 of the Texas Government Code are included as exhibits at the TASB BBFA policy code.

A. Amendments to Local Government Code Chapter 176

The Legislature did, however, substantially amend Chapter 176 of the Local Government Code, which includes conflict disclosure requirements that are independent of Chapter 171 of the Local Government Code and Chapter 553 of the Government Code. Chapter 176 of the LGC was initially enacted in 2005, with “cleanup” amendments in 2007. From the beginning, Chapter 176 has required the Texas Ethics Commission to promulgate two forms for mandatory use, a “Conflicts Disclosure Statement (Form CIS)” for use by local government officers, and a “Conflict of Interest Questionnaire (Form CIQ)” for use by vendors. The 2015 legislation, House Bill 23, made significant changes to the reporting requirements for both local government officers and vendors.

1. Officer Disclosure - Form CIS

Local Government Officers

Under prior law, in the school district context, a “local government officer” covered by

the disclosure requirement included the members of the board of trustees, the superintendent, and any other school district employee who the board required to file the form. Now, the reporting requirement includes the trustees and the superintendent, as well as any “agent of a local governmental entity who exercises discretion in the planning, recommending, selecting or contracting of a vendor.” Loc. Gov’t Code § 176.001(4). The term “agent” includes, but is not limited to, employees. It includes any third party “who undertakes to transact some business or manage some affair for another person.” Sec. 176.001(1).

Disclosure Threshold/Taxable Income

The amended law continues in effect the prior requirement that a local government officer shall file the CIS if a vendor enters into a contract with the local government, or the local government is considering entering into a contract with a vendor, and the vendor has an employment or other business relationship with the local government officer or a family member of the officer (defined to be anyone related to the officer within the first degree of consanguinity or affinity) that results in the officer or family member receiving taxable income, other than investment income, that exceeds the amount of \$2,500.00 during the twelve-month period immediately preceding the date that the officer becomes aware that the contract between the local government and the vendor is executed, or that the local government is considering entering into a contract with the vendor.

Gifts

Under prior law, the CIS also had to be filed if the officer, or a family member, had received one or more gifts having an aggregate value of more than \$250.00 in the preceding twelve-month period. H.B. 23 lowered this amount from \$250.00 to \$100.00.

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