CITY OF
SAGINAW

TO: Candidates, May 3, 2025 General Election

FROM: Janice England, City Secretary

SUBJECT: 2025 Election Information and Forms

Thank you for your interest in becoming a candidate for the City Council of the City of Saginaw. Election Day is Saturday, May 3, 2025. This year we will be electing three (3) citizens to serve as City Councilmember Place 1, City Councilmember Place 3, and City Councilmember Place 5. All positions have three-year terms (May 2025 to May 2028). All places on the City Council are at-large and can be held by any qualified candidate. Qualifications Per City of Saginaw Home Rule Charter, Section 5.02:

> "Each of the six councilmembers and mayor shall on the date of the election, be at least 21 years of age, a citizen of the United States of America and a registered, qualified voter of the City of Saginaw, shall reside and shall have resided for at least one year preceding the election date at which he is a candidate, within the corporate limits of Saginaw; and shall not be in arrears in the payment of any taxes due the city; meeting all other qualifications prescribed by Article 1.05 of the Texas Election Code and any amendment thereof. A member of the council ceasing to possess any of the qualifications specified in this section, or any other sections of this charter, or convicted of a felony while in office, shall immediately forfeit his office."

Running for office encompasses a broad range of activities. The Secretary of State and the Texas Ethics Commission each regulate portions of the election process at the local level. It is your responsibility to familiarize yourself with the laws applicable to running for elective office.

Enclosed is a "Candidate Packet" designed to assist you in completing your candidacy filing for the May 2025 Election.

1. Application and instructions for a place on the City of Saginaw's Election Ballot. This form can be filed at City Hall beginning January 15, 2025. The last day to file is February 14, 2025 by 5:00 p.m. The form must be signed in the presence of a Notary. There are several at City Hall to assist you if needed. Included with the application is a Candidate Authorization to Release Email Address. Your filing application is a public record once filed. However, you may opt to have your email address withheld.

2. A list of important Election Dates

3. Texas Ethics Commission's *"First Steps for Candidates Running for a City Office"* – a quick start guide for persons seeking a city office

4. Texas Ethics Commission Form CTA - Appointment of a Campaign Treasurer by a Candidate. <u>This form is to be filed at City Hall at the same time as the application for a place on the ballot.</u> It must be filed before accepting any contributions or making any expenditures. A candidate that does not intend to accept more than $1,110 in political contributions or make more than $1,110 in political expenditures should sign Page 2 of the form declaring "Modified Reporting"

thereby eliminating the pre-elections reporting requirements. **NOTE:** If you select "Modified Reporting" and later exceed $1,110 in political contributions or expenditures, you must file Form C/OH Campaign Finance Reports according to the regular filing schedule. The CTA Instruction Guide is also included.

5. Texas Ethics Commission's *"Campaign Finance Guide for Candidates and Officeholders Who File with Local Filing Authorities".* This document explains the filing requirements and deadlines for campaign finance reports. This is for information only.

6. Texas Ethics Commission Form CFCP – Code of Fair Campaign Practices. This form is voluntary. Although not required, all candidates are encouraged to subscribe to the Code of Fair Campaign Practices. *"Chapter 258, Fair Campaign Practices"* is included.

7. Texas Ethics Commission's *Political Advertising Guide.* This guide explains the proper use of political advertising.

8. Texas Ethics Commission's Form C/OH – Candidate/Officeholder Campaign Finance Report. Pre-election reports must be filed with the City Secretary on the 30th day before the election (April 3, 2025) and the 8th day before the election (April 25, 2025) if the candidate did not select "Modified Reporting" or "Final Report" on Form CTA. Once the election is over, all candidates should file Form C/OH as a final report (see instruction guide). The C/OH Instruction Guide is also included.

As City Secretary, I will be happy to answer general questions regarding filing your application and due dates for reporting and filings. The Office of the City Secretary is specifically limited by law to the acceptance and filing of various applications, affidavits, statements and reports, and noting the date and time of all such filings. These documents become public records upon filing and are available for public inspection.

You may direct specific legal questions to the Office of the Secretary of State (www.sos.state.tx.us 1-800-252-8683) and/or to the Texas Ethics Commission (www.ethics.state.tx.us 1-512-463-5800).

*****IF YOU HAVE COMPLETED AND SIGNED THE FORMS, AND YOUR APPLICATION IS NOTARIZED YOU MAY SUBMIT YOUR CANDIDATE APPLICATION, EMAIL RELEASE AUTHORIZATION FORM, AND CAMPAIGN TREASURER APPOINTMENT FORM IN PERSON AT CITY HALL OR BY EMAIL TO jengland@saginawtx.org. THE DEADLINE FOR SUBMITTAL IN PERSON OR BY EMAIL IS 5:00 P.M. ON FRIDAY, FEBRUARY 14, 2025.***

Good luck with your campaign!

Janice England, TRMC
City Secretary
jengland@saginawtx.org
Office: 817-230-0327

City Hall Office Hours are Monday-Thursday, 7:30 a.m.-5:30 p.m., and Friday, 7:30 a.m.-11:30 a.m.
City Hall will be closed on Friday, April 18, 2025 (Good Friday).
NOTE: CITY HALL WILL BE OPEN FROM 11:30 A.M. UNTIL 5:00 P.M. ON FRIDAY, FEBRUARY 14, 2025 ONLY TO ACCEPT CANDIDATE APPLICATIONS. NO OTHER BUSINESS WILL BE HANDLED DURING THESE HOURS.

2-49
Prescribed by Secretary of State
Section 141.031, Chapters 143 and 144, Texas Election Code
09/2023

APPLICATION FOR A PLACE ON THE BALLOT FOR A GENERAL ELECTION FOR A CITY, SCHOOL DISTRICT OR OTHER POLITICAL SUBDIVISION

ALL INFORMATION IS REQUIRED TO BE PROVIDED UNLESS INDICATED AS OPTIONAL[1] Failure to provide required information may result in rejection of application.

APPLICATION FOR A PLACE ON THE _____ GENERAL ELECTION BALLOT

TO: City Secretary/Secretary of Board **(name of election)**

I request that my name be placed on the above-named official ballot as a candidate for the office indicated below.

OFFICE SOUGHT (Include any place number or other distinguishing number, if any.)	**INDICATE TERM** ☐ FULL ☐ UNEXPIRED

FULL NAME (First, Middle, Last)	**PRINT NAME AS YOU WANT IT TO APPEAR ON THE BALLOT***
PERMANENT RESIDENCE ADDRESS (Do not include a P.O. Box or Rural Route. If you do not have a residence address, describe location of residence.)	**PUBLIC MAILING ADDRESS (Optional)** (Address for which you receive campaign related correspondence, if available.)

CITY	**STATE**	**ZIP**	**CITY**	**STATE**	**ZIP**

PUBLIC EMAIL ADDRESS (Optional) (Address for which you receive campaign related emails, if available.)	**OCCUPATION (Do not leave blank)**	**DATE OF BIRTH** / /	**VOTER REGISTRATION VUID NUMBER[2] (Optional)**

TELEPHONE CONTACT INFORMATION (Optional)

Home: Office: Cell:

FELONY CONVICTION STATUS (You MUST check one)	**LENGTH OF CONTINUOUS RESIDENCE AS OF DATE THIS APPLICATION WAS SWORN**	
	IN THE STATE OF TEXAS	**IN TERRITORY/DISTRICT/PRECINCT FROM WHICH THE OFFICE SOUGHT IS ELECTED**
☐ I have not been finally convicted of a felony.		
☐ I have been finally convicted of a felony, but I have been pardoned or otherwise released from the resulting disabilities of that felony conviction and I have provided proof of this fact with the submission of this application.[3]	_____ year(s) _____ month(s)	_____ year(s) _____ month(s)

*If using a nickname as part of your name to appear on the ballot, you are also signing and swearing to the following statements: I further swear that my nickname does not constitute a slogan or contain a title, nor does it indicate a political, economic, social, or religious view or affiliation. I have been commonly known by this nickname for at least three years prior to this election. Please review sections 52.031, 52.032 and 52.033 of the Texas Election Code regarding the rules for how names may be listed on the official ballot.

Before me, the undersigned authority, on this day personally appeared (name of candidate)_____, who being by me here and now duly sworn, upon oath says:

"I, (name of candidate) _____, of _____ County, Texas,

being a candidate for the office of _____, swear that I will support and defend the Constitution and laws of the United States and of the State of Texas. I am a citizen of the United States eligible to hold such office under the constitution and laws of this state. I have not been determined by a final judgment of a court exercising probate jurisdiction to be totally mentally incapacitated or partially mentally incapacitated without the right to vote. I am aware of the nepotism law, Chapter 573, Government Code. I am aware that I must disclose any prior felony conviction, and if so convicted, must provide proof that I have been pardoned or otherwise released from the resulting disabilities of any such final felony conviction. I am aware that knowingly providing false information on the application regarding my possible felony conviction status constitutes a Class B misdemeanor. I further swear that the foregoing statements included in my application are in all things true and correct."

X _____

SIGNATURE OF CANDIDATE

Sworn to and subscribed before me this the _____ day of _____, _____, by _____.
(day) (month) (year) (name of candidate)

_____ _____
Signature of Officer Authorized to Administer Oath[4] Printed Name of Officer Authorized to Administer Oath

_____ Notarial or Official Seal
Title of Officer Authorized to Administer Oath

TO BE COMPLETED BY FILING OFFICER: THIS APPLICATION IS ACCOMPANIED BY THE REQUIRED FILING FEE (If Applicable) PAID BY:
☐ CASH ☐ CHECK ☐ MONEY ORDER ☐ CASHIERS CHECK OR ☐ PETITION IN LIEU OF A FILING FEE.

This document and $_____ filing fee or a nominating petition of _____ pages received. ☐ **Voter Registration Status Verified**

_____/_____/_____ _____/_____/_____ **(See Section 1.007)** _____
Date Received Date Accepted Signature of Filing Officer or Designee

Print Reset

INSTRUCTIONS

An application for a place on the general election for a city, school district or other political subdivision, may not be filed earlier than 30 days before the deadline prescribed by this code for filing the application. An application filed before that day is void. All fields of the application **must** be completed unless specifically marked optional.

For an election to be held on a uniform election date, the day of the filing deadline is the 78th day before Election Day.

If you have questions about the application, please contact the Secretary of State's Elections Division at 800-252-8683.

NEPOTISM LAW

The candidate must sign this statement indicating his awareness of the nepotism law. When a candidate signs the application, it is an acknowledgment that the candidate is aware of the nepotism law. The nepotism prohibitions of chapter 573, Government Code, are summarized below:

No officer may appoint, or vote for or confirm the appointment or employment of any person related within the second degree by affinity (marriage) or the third degree by consanguinity (blood) to the officer, or to any other member of the governing body or court on which the officer serves when the compensation of that person is to be paid out of public funds or fees of office. However, nothing in the law prevents the appointment, voting for, or confirmation of anyone who has been continuously employed in the office or employment for the following period prior to the election or appointment of the officer or member related to the employee in the prohibited degree: six months, if the officer or member is elected at an election other than the general election for state and county officers.

No candidate may take action to influence an employee of the office to which the candidate is seeking election or an employee or officer of the governmental body to which the candidate is seeking election regarding the appointment or employment of a person related to the candidate in a prohibited degree as noted above. This prohibition does not apply to a candidate's actions with respect to a bona fide class or category of employees or prospective employees.

FOOTNOTES

[1]An application for a place on the ballot, including any accompanying petition, is public information immediately on its filing. (Section 141.035, Texas Election Code)

[2]Inclusion of a candidate's VUID is optional. However, many candidates are required to be registered voters in the territory from which the office is elected at the time of the filing deadline. Please visit the Elections Division of the Secretary of State's website for additional information. https://www.sos.state.tx.us/elections/laws/voter-reg-req-candidate-faq.shtml

[3]Proof of release from the resulting disabilities of a felony conviction would include proof of judicial clemency under Texas Code of Criminal Procedure 42A.701, proof of executive pardon under Texas Code of Criminal Procedure 48.01, or proof of a restoration of rights under Texas Code of Criminal Procedure 48.05. (Texas Attorney General Opinion KP-0251)

One of the following documents must be submitted with this application.

Judicial Clemency under Texas Code of Criminal Procedure 42A.701
Executive Pardon under Texas Code of Criminal Procedure 48.01
Restoration of Rights under Texas Code of Criminal Procedure 48.05

[4]All oaths, affidavits, or affirmations made within this State may be administered and a certificate of the fact given by a judge, clerk, or commissioner of any court of record, a notary public, a justice of the peace, city secretary (for a city office), and the Secretary of State of Texas. See Chapter 602 of the Texas Government Code for the complete list of persons authorized to administer oaths.

2-49
Prescribed by Secretary of State
Section 141.031, Chapters 143 and 144, Texas Election
Code 09/2023

SOLICITUD DE INSCRIPCIÓN PARA UN LUGAR EN LA BOLETA DE UNA ELECCIÓN GENERAL PARA UNA CIUDAD, DISTRITO ESCOLAR U OTRA SUBDIVISIÓN POLÍTICA

TODA LA INFORMACIÓN ES REQUERIDA A MENOS QUE SE INDIQUE COMO OPCIONAL[1] El hecho de no proporcionar la información requerida puede resultar en el rechazo de la solicitud.

SOLICITUD DE INSCRIPCIÓN PARA UN LUGAR EN LA BOLETA DE UNA ELECCIÓN GENERAL DE_____

Para: Secretario(a) de la Ciudad/ Secretario(a) del Consejo **(nombre de la elección)**

Solicito que mi nombre se incluya en la boleta oficial mencionada anteriormente como candidato(a) al cargo indicado a continuación.

CARGO SOLICITADO (Incluya cualquier número de cargo u otro número distintivo, si lo hay.)	**INDIQUE TÉRMINO** ☐ TÉRMINO COMPLETO ☐ TÉRMINO INCOMPLETO

NOMBRE COMPLETO (Primer Nombre, Segundo Nombre, Apellido)	**ESCRIBA SU NOMBRE COMO DESEA QUE APAREZCA EN LA BOLETA***

DIRECCIÓN DE RESIDENCIA PERMANENTE (No incluya un apartado postal o una ruta rural. Si usted no tiene una dirección de residencia, describa la ubicación de la residencia.)			**DIRECCIÓN DE CORREO PÚBLICO (Opcional)** (Dirección en la que recibe la correspondencia relacionada con la campaña, si está disponible.)		
CIUDAD	**ESTADO**	**CÓDIGO POSTAL**	**CIUDAD**	**ESTADO**	**CÓDIGO POSTAL**

DIRECCIÓN DE CORREO ELECTRÓNICO PÚBLICO (Opcional) (Dirección donde recibe correo electrónico relacionado con la campaña, si está disponible.)	**OCUPACIÓN (No deje este espacio en blanco)**	**FECHA DE NACIMIENTO** / /	**VUID – NÚMERO ÚNICO DE IDENTIFICACIÓN DE VOTANTE[2] (Opcional)**

INFORMACIÓN DE CONTACTO TELEFÓNICO (Opcional)

Hogar: Trabajo: Celular:

ESTADO DE CONDENA POR DELITO GRAVE (DEBE marcar una)	**DURACIÓN DE RESIDENCIA CONTINUA A PARTIR DE LA FECHA EN QUE ESTA SOLICITUD FUE JURADA**	
	EN EL ESTADO DE TEXAS	**EN EL TERRITORIO/DISTRITO/PRECINTO DEL CUAL SE ELIGE EL CARGO BUSCADO**
☐ No he sido finalmente condenado por un delito grave.		
☐ He sido finalmente condenado por un delito grave, pero he sido indultado o liberado de otro modo de las discapacidades resultantes de esa condena por delito grave y he proporcionado prueba de este hecho con la presentación de esta solicitud.[3]	_____ año(s) _____ mes(es)	_____ año(s) _____ mes(es)

*Si usa un apodo como parte de su nombre para aparecer en la boleta, también está firmando y jurando las siguientes declaraciones: Juro además que mi apodo no constituye un lema ni contiene un título, ni indica un punto de vista o afiliación política, económica, social o religiosa. He sido comúnmente conocido por este apodo durante al menos tres años antes de esta elección. Por favor, revise las secciones 52.031, 52.032 y 52.033 del Código Electoral de Texas con respecto a las reglas sobre cómo se pueden incluir los nombres en la boleta oficial.

Ante mí, la autoridad abajo firmante, en este día apareció personalmente (nombre del candidato)_____, quien estando a mi lado aquí y ahora debidamente juramentado, bajo juramento dice:

"Yo, (nombre del candidato) _____, del condado de _____,

Texas, siendo candidato para el cargo de _____, juro que apoyaré y defenderé la Constitución y las leyes de los Estados Unidos y del Estado de Texas. Soy un ciudadano de los Estados Unidos elegible para ocupar dicho cargo según la Constitución y las leyes de este estado. No se me ha determinado por un fallo final de una corte que ejerce la jurisdicción testamentaria que esté totalmente incapacitado mentalmente o parcialmente incapacitado sin derecho a voto. Soy consciente de la ley de nepotismo según el Capítulo 573 del Código de Gobierno. Soy consciente de que debo divulgar cualquier condena previa de un delito grave y, si he sido condenado, debo proporcionar prueba de que he sido indultado o liberado de otro modo de las discapacidades resultantes de dicha condena final por delito grave. Soy consciente de que proporcionar a sabiendas información falsa en la solicitud con respecto a mi posible estado de condena por delito grave constituye un delito menor de Clase B. Juro además que las declaraciones anteriores incluidas en mi solicitud son, en todos los aspectos, verdaderas y correctas."

X _____

FIRMA DEL CANDIDATO

Jurado y suscrito ante mí este día _____ de_____ del _____por _____.
(día) (mes) (año) (nombre de candidato)

_____
Firma del oficial autorizado para administrar el juramento[4]

_____
Nombre del oficial autorizado para administrar juramentos en letra de molde

Notarial o sello oficial

_____
Título del oficial autorizado para administrar el juramento

TO BE COMPLETED BY FILING OFFICER: THIS APPLICATION IS ACCOMPANIED BY THE REQUIRED FILING FEE (If Applicable) PAID BY:

☐ CASH ☐ CHECK ☐ MONEY ORDER ☐ CASHIERS CHECK OR ☐ PETITION IN LIEU OF A FILING FEE.

This document and $_____ filing fee or a nominating petition of _____ pages received. ☐ **Voter Registration Status Verified**

_____/_____/_____ _____/_____/_____ **(See Section 1.007)** _____
Date Received Date Accepted Signature of Filing Officer or Designee

Imprimir Limpiar

2-49
Prescribed by Secretary of State
Section 141.031, Chapters 143 and 144, Texas Election
Code 09/2023

INSTRUCCIONES

Una solicitud para un lugar en la elección general para una ciudad, distrito escolar u otra subdivisión política, no puede ser presentada antes de los 30 días antes de la fecha límite prescrita por este código para presentar la solicitud. Una solicitud presentada antes de ese día es nula. Todos los campos de la solicitud **deben** completarse a menos que estén específicamente marcados como opcional.

Para una elección que se lleve a cabo en una fecha de elección uniforme, el día de la fecha límite de presentación es el 78º dia antes del día de la elección.

Si tiene preguntas sobre la solicitud, por favor póngase en contacto con la División de Elecciones del Secretario de Estado llamando al 800-252-8683.

LEY DE NEPOTISMO

El candidato debe firmar esta declaración indicando su conocimiento de la ley del nepotismo. Cuando un candidato firma la solicitud, es un reconocimiento de que el candidato conoce la ley del nepotismo. Las prohibiciones de nepotismo del capítulo 573, Código de Gobierno, se resumen a continuación:

Ningún funcionario puede nombrar, votar o confirmar el nombramiento o empleo de cualquier persona emparentada dentro del segundo grado por afinidad (matrimonio) o del tercer grado por consanguinidad (sangre) con sí mismo, o con cualquier otro miembro del órgano de gobierno o corte en el que se desempeña cuando la compensación de esa persona debe pagarse con fondos públicos o honorarios del cargo. Sin embargo, nada en la ley impide el nombramiento, la votación o la confirmación de cualquier persona que haya estado empleada continuamente en la oficina o el empleo durante el período siguiente antes de la elección o el nombramiento del funcionario o miembro emparentado con el empleado en el grado prohibido: seis meses, si el funcionario o miembro es elegido en una elección que no sea la elección general para funcionarios estatales y del condado.

Ningún candidato puede tomar medidas para influir en un empleado del cargo al que aspira a ser elegido o en un empleado o funcionario del organismo gubernamental al que aspira a ser elegido en relación con el nombramiento o el empleo de una persona emparentada con el candidato en un grado prohibido, tal como se ha indicado anteriormente. Esta prohibición no se aplica a las acciones de un candidato con respecto a una clase o categoría de buena fe de empleados o empleados prospectos.

NOTAS

[1]Una solicitud para un lugar en la boleta electoral, incluida cualquier petición que la acompañe, es información pública inmediatamente después de su presentación. (Sección 141.035, Código Electoral de Texas)

[2]La inclusión del número único de identificación de votante (VUID, por sus siglas en Ingles) es opcional. Sin embargo, a muchos candidatos se les exige que estén registrados como votantes en el territorio desde el cual se elige el cargo en el momento de la fecha límite de presentación. Por favor, visite el sitio web de la Division de Elecciones de la Secretaría de Estado para obtener información adicional. https://www.sos.state.tx.us/elections/laws/voter-reg-req-candidate-faq.shtml

[3]La prueba de liberación de las discapacidades resultantes de una condena por un delito grave incluiría prueba de clemencia judicial según el Código de Procedimiento Penal de Texas 42A.701, prueba de indulto ejecutivo según el Código de Procedimiento Penal de Texas 48.01, o prueba de una restauración de derechos según el Código de Procedimiento Penal de Texas 48.05. (Opinión de Fiscal General de Texas KP-0251)

Se debe enviar uno de los siguientes documentos con esta solicitud:

Clemencia judicial según el Código de Procedimiento Penal de Texas 42A.701
Prueba de indulto ejecutivo según el Código de Procedimiento Penal de Texas 48.01
Prueba de una restauración de derechos según el Código de Procedimiento Penal de Texas 48.05

[4]Todos lo los juramentos, declaraciones juradas o afirmaciones hechas dentro de este estado pueden ser administrados y un certificado del hecho dado por un juez, secretario(a) o comisionado de cualquier corte de registro, un notario público, un juez de paz, secretario municipal (para una oficina de la ciudad) y el Secretario de Estado de Texas. Consulte el Capítulo 602 del Código del Gobierno de Texas para obtener la lista completa de personas autorizadas a administrar juramentos.

CITY OF
SAGINAW

Candidate Authorization Form to Release Email Address:

Candidate for the May 3, 2025 City of Saginaw Election

Candidate Name:_____

- On the "Application for a Place on the City of Saginaw May 3, 2025 Election Ballot" form, there is a box to list the candidate's email address.
- Listing the email address is indicated as an optional item to complete.
- The application is subject to open records under the Public Information Act; however, personal email addresses are considered confidential.

By signing this acknowledgment form, the candidate is indicating their approval to release their email address should they include it on the application form.

Acknowledged and Approved to Release:

_____
Signature of Candidate

Date:_____

IMPORTANT DATES FOR CITY COUNCIL ELECTION
MAY 3, 2025

January 15, 2025	First day to file an application for a place on the ballot
January 21, 2025	City Council calls the Election
February 14, 2025	Last day to file an application for a place on the ballot
February 18, 2025	Last day for write-in candidate to declare candidacy
February 19, 2025	Drawing for position on ballot at 5:00 p.m. at City Hall
February 21, 2025	Last day for a ballot candidate to withdraw
February 21, 2025	Last day for write-in candidate to withdraw
April 3, 2025	Last day to register to vote to be able to vote on May 3rd
April 3, 2025	First Campaign Finance Report due
April 22, 2025	Early voting begins
April 25, 2025	Second Campaign Finance Report due
April 29, 2025	Early voting ends
May 3, 2025	**Election Day, 7:00 a.m.-7:00 p.m.**
May 13, 2025	Special City Council Meeting--Official canvass of returns by City Council & Oaths of Office for newly elected officials
July 15, 2025	Last day for filing of semi-annual Campaign Finance Report

City Hall Office Hours are Monday-Thursday, 7:30 a.m.-5:30 p.m., and Friday, 7:30 a.m.-11:30 a.m. City Hall will be open from 11:30 a.m.-5:00 p.m. on Friday, February 14th only to accept candidate applications. City Hall will be closed on Friday, April 18, 2025 (Good Friday)

First Steps for Candidates Running for a City Office

This quick-start guide for candidates seeking a city office is not intended to provide comprehensive information. For more details, including information on political advertising requirements, fundraising rules, and filing schedules, see the Texas Ethics Commission's (TEC) website at www.ethics.state.tx.us.

1. **All candidates must file a Campaign Treasurer Appointment (Form CTA).**
   All candidates must file Form CTA even if you do not intend to raise or spend any money. Form CTA is required to be filed before you file an application for a place on the ballot, raise or spend any money for your campaign, or announce your candidacy. File Form CTA with the city clerk or city secretary, as applicable.

2. **Opposed Candidates: Will you accept or spend more than $1,110* for the election?**

   - YES:
     - You do not qualify to file on the modified reporting schedule.
     - You are ***required*** to file pre-election campaign finance reports using Form C/OH if you have an opponent on the ballot. Find Form C/OH and its instructions on our "Local Filers Non-Judicial Candidate/Officeholder" webpage.
     - Pre-election reports are due 30 days and 8 days prior to each election. To be timely filed, pre-election reports must be *received* by the city clerk or city secretary no later than the due date.
   - NO:
     - You can elect to file on the modified reporting schedule by completing the *Modified Reporting Declaration* on page two of Form CTA. File Form CTA with the city clerk or city secretary.
     - If you elect to file on the modified reporting schedule, you do not have to file pre-election campaign finance reports due 30 days and 8 days prior to the election.
   - Exceed $1,110*: If you elect to file on the modified reporting schedule but later exceed $1,110 in either contributions or expenditures, what reports you will be required to file depends upon when you exceed $1,110*.
     - If you exceed $1,110* on or before the 30th day before the election, you are ***required*** to file pre-election campaign finance reports due 30 days and 8 days prior to an election using Form C/OH. To be timely filed, pre-election reports must be *received* by the city clerk or city secretary no later than the due date. Find Form C/OH and its instructions on our "Local Filers Non-Judicial Candidate/Officeholder" webpage.
     - If you exceed $1,110* after the 30th day before the election, you are ***required*** to file an Exceeded Modified Reporting Limit report using Form C/OH. To be timely filed, this report must be filed with the city clerk or city secretary within 48 hours of exceeding $1,110.* You must also file the pre-election report due 8 days prior to an election. Find Form C/OH and its instructions on our "Local Filers Non-Judicial Candidate/Officeholder" webpage. If you exceed $1,110* on or before the 8th day before the election, you are ***required*** to file a pre-election campaign finance report due 8 days prior to an election using Form C/OH. To be timely filed, the pre-election

report must be *received* by the city clerk or city secretary no later than the due date. Find Form C/OH and its instructions on our "Local Filers Non-Judicial Candidate/Officeholder" webpage.

3. Unopposed Candidates.

If you do not have an opponent whose name will appear on the ballot in the election, you are an unopposed candidate and are not required to file pre-election campaign finance reports prior to that election.

4. All candidates must file semiannual campaign finance reports (Form C/OH).

All candidates are ***required*** to file semiannual reports using Form C/OH even if you have no campaign activity or were unsuccessful in the election. Semiannual reports are due on January 15th and July 15th and must be filed with the city clerk or city secretary. To end your filing obligations, you must cease campaign activity and file a Final report using Form C/OH and attaching Form C/OH-FR (Designation of Final Report). Form C/OH-FR is found on the last page of Form C/OH. Find Form C/OH and its instructions on our "Local Filers Non-Judicial Candidate/Officeholder" webpage. For more information, see "Ending Your Campaign" for local filers.

5. All candidates can use the TEC's Filing Application to prepare campaign finance reports (Form C/OH).

You can use the TEC's Filing Application to prepare a PDF version of your campaign finance report (Form C/OH). Select "Local Authority" and follow the steps to set up an account and login to the application. Once you have completed your report, print out a copy, add your treasurer information, get it notarized, and file it with the city clerk or city secretary by the appropriate deadline.

6. Need More Information?

See the Campaign Finance Guide for Candidates and Officeholders Who File With Local Filing Authorities, forms, instructions, examples on how to disclose contributions and expenditures, political advertising and fundraising guides, and other information you may find useful on our website at *www.ethics.state.tx.us* under the "Resources" and "Forms/Instructions" main menu items.

***NOTE:** The $1,110 threshold is specific to transactions made in 2025.*

APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE

See CTA Instruction Guide for detailed instructions.

1 Total pages filed:

2 CANDIDATE NAME

MS / MRS / MR | FIRST | MI

NICKNAME | LAST | SUFFIX

3 CANDIDATE MAILING ADDRESS

ADDRESS / PO BOX; | APT / SUITE #; | CITY; | STATE; | ZIP CODE

4 CANDIDATE PHONE

AREA CODE | PHONE NUMBER | EXTENSION

( )

5 OFFICE HELD (if any)

6 OFFICE SOUGHT (if known)

7 CAMPAIGN TREASURER NAME

MS/MRS/MR | FIRST | MI | NICKNAME | LAST | SUFFIX

8 CAMPAIGN TREASURER STREET ADDRESS (residence or business)

STREET ADDRESS; | APT / SUITE #; | CITY; | STATE; | ZIP CODE

9 CAMPAIGN TREASURER PHONE

AREA CODE | PHONE NUMBER | EXTENSION

( )

10 CANDIDATE SIGNATURE

I am aware of the Nepotism Law, Chapter 573 of the Texas Government Code.

I am aware of my responsibility to file timely reports as required by title 15 of the Election Code.

I am aware of the restrictions in title 15 of the Election Code on contributions from corporations and labor organizations.

Signature of Candidate

Date Signed

OFFICE USE ONLY

Filer ID #

Date Received

Date Hand-delivered or Postmarked

Receipt # | Amount $

Date Processed

Date Imaged

GO TO PAGE 2

CANDIDATE MODIFIED REPORTING DECLARATION

11 CANDIDATE NAME	
12 MODIFIED REPORTING DECLARATION	**COMPLETE THIS SECTION ONLY IF YOU ARE CHOOSING MODIFIED REPORTING**

•• This declaration must be filed no later than the 30th day before the first election to which the declaration applies. ••

•• The modified reporting option is valid for one election cycle only. ••
(An election cycle includes a primary election, a general election, and any related runoffs.)

• Candidates for the office of state chair of a political party may NOT choose modified reporting. ••

I do not intend to accept more than $1,110 in political contributions or make more than $1,110 in political expenditures (excluding filing fees) in connection with any future election within the election cycle. I understand that if either one of those limits is exceeded, I will be required to file pre-election reports and, if necessary, a runoff report.

_____ _____

Year of election(s) or election cycle to which declaration applies

Signature of Candidate

This appointment is effective on the date it is filed with the appropriate filing authority.

TEC Filers may send this form to the TEC electronically at treasappoint@ethics.state.tx.us
or mail to
Texas Ethics Commission
P.O. Box 12070
Austin, TX 78711-2070

Non-TEC Filers must file this form with the local filing authority
DO NOT SEND TO TEC

For more information about where to file go to:
https://www.ethics.state.tx.us/filinginfo/QuickFileAReport.php

TEXAS ETHICS COMMISSION

APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE

FORM CTA--INSTRUCTION GUIDE

Revised January 1, 2025

Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711
www.ethics.state.tx.us
(512) 463-5800 • TDD (800) 735-2989
Promoting Public Confidence in Government

FORM CTA—INSTRUCTION GUIDE

TABLE OF CONTENTS

GENERAL INSTRUCTIONS 1
DUTIES OF A CANDIDATE OR OFFICEHOLDER 1
QUALIFICATIONS OF CAMPAIGN TREASURER 1
DUTIES OF A CAMPAIGN TREASURER 1
REQUIREMENT TO FILE BEFORE BEGINNING A CAMPAIGN 1
WHERE TO FILE A CAMPAIGN TREASURER APPOINTMENT 2
FILING WITH A DIFFERENT AUTHORITY 3
FORMING A POLITICAL COMMITTEE 4
CHANGING A CAMPAIGN TREASURER 4
AMENDING A CAMPAIGN TREASURER APPOINTMENT 4
REPORTING REQUIREMENT FOR CERTAIN OFFICEHOLDERS 4
TERMINATING A CAMPAIGN TREASURER APPOINTMENT 4
FILING A FINAL REPORT 5
ELECTRONIC FILING 5
GUIDES 5
SPECIFIC INSTRUCTIONS 5
PAGE 1 5
PAGE 2 7

APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE

GENERAL INSTRUCTIONS

These instructions are for the APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE (Form CTA). Use Form CTA only for appointing your campaign treasurer. Use the AMENDMENT (Form ACTA) for changing information previously reported on Form CTA and for renewing your choice to report under the modified schedule. Note: Candidates for most judicial offices use Form JCTA to file a campaign treasurer appointment.

DUTIES OF A CANDIDATE OR OFFICEHOLDER

As a candidate or officeholder, you alone, not the campaign treasurer, are responsible for filing this form and all candidate/officeholder reports of contributions, expenditures, and loans. Failing to file a report on time or filing an incomplete report may subject you to criminal or civil penalties.

QUALIFICATIONS OF CAMPAIGN TREASURER

A person is ineligible for appointment as a campaign treasurer if the person is the campaign treasurer of a political committee that has outstanding filing obligations (including outstanding penalties). This prohibition does not apply if the committee in connection with which the ineligibility arose has not accepted more than $5,000 in political contributions or made more than $5,000 in political expenditures in any semiannual reporting period. A person who violates this prohibition is liable for a civil penalty not to exceed three times the amount of political contributions accepted or political expenditures made in violation of this provision. Note: A candidate may appoint himself or herself as his or her own campaign treasurer.

DUTIES OF A CAMPAIGN TREASURER

State law does not impose any obligations on a candidate's campaign treasurer.

REQUIREMENT TO FILE BEFORE BEGINNING A CAMPAIGN

If you plan to run for a public office in Texas (except for a federal office), you must file this form when you become a candidate even if you do not intend to accept campaign contributions or make campaign expenditures. A "candidate" is a person who knowingly and willingly takes affirmative action for the purpose of gaining nomination or election to public office or for the purpose of satisfying financial obligations incurred by the person in connection with the campaign for nomination or election. Examples of affirmative action include:

(A) the filing of a campaign treasurer appointment, except that the filing does not constitute candidacy or an announcement of candidacy for purposes of the automatic resignation provisions of Article XVI, Section 65, or Article XI, Section 11, of the Texas Constitution;

(B) the filing of an application for a place on the ballot;

(C) the filing of an application for nomination by convention;

(D) the filing of a declaration of intent to become an independent candidate or a declaration of write-in candidacy;

(E) the making of a public announcement of a definite intent to run for public office in a particular election, regardless of whether the specific office is mentioned in the announcement;

(F) before a public announcement of intent, the making of a statement of definite intent to run for public office and the soliciting of support by letter or other mode of communication;

(G) the soliciting or accepting of a campaign contribution or the making of a campaign expenditure; and

(H) the seeking of the nomination of an executive committee of a political party to fill a vacancy.

Additionally, the law provides that you must file this form before you may accept a campaign contribution or make or authorize a campaign expenditure, including an expenditure from your personal funds. A filing fee paid to a filing authority to qualify for a place on a ballot is a campaign expenditure that may not be made before filing a campaign treasurer appointment form with the proper filing authority.

If you are an officeholder, you may make officeholder expenditures and accept officeholder contributions without having a campaign treasurer appointment on file. If you do not have a campaign treasurer appointment on file and you wish to accept *campaign* contributions or make *campaign* expenditures in connection with your office or for a different office, you must file this form before doing so. In such a case, a sworn report of contributions, expenditures, and loans will be due no later than the 15th day after filing this form.

WHERE TO FILE A CAMPAIGN TREASURER APPOINTMENT

The appropriate filing authority depends on the office sought or held.

a. Texas Ethics Commission. The Texas Ethics Commission (Commission) is the appropriate filing authority for the Secretary of State and for candidates for or holders of the following offices:

- Governor, Lieutenant Governor, Attorney General, Comptroller, Treasurer, Land Commissioner, Agriculture Commissioner, Railroad Commissioner.
- State Senator or State Representative.
- Supreme Court Justice, Court of Criminal Appeals Judge, and Court of Appeals Judge.*

- State Board of Education.
- A multi-county district judge* or multi-county district attorney.
- A single-county district judge.*
- An office of a political subdivision other than a county if the political subdivision includes areas in more than one county and if the governing body of the political subdivision has not been formed.
- A chair of the state executive committee of a political party with a nominee on the ballot in the most recent gubernatorial election.
- A county chair of a political party with a nominee on the ballot in the most recent gubernatorial election if the county has a population of 350,000 or more.

* Judicial candidates use FORM JCTA to appoint a campaign treasurer.

b. County Clerk. The county clerk (or the county elections administrator or tax assessor, as applicable) is the appropriate local filing authority for a candidate for:

- A county office.
- A precinct office.
- A district office (except for multi-county district offices).
- An office of a political subdivision other than a county if the political subdivision is within the boundaries of a single county and if the governing body of the political subdivision has not been formed.

c. Local Filing Authority. If a candidate is seeking an office of a political subdivision other than a county, the appropriate filing authority is the *clerk or secretary of the governing body* of the political subdivision. If the political subdivision has no clerk or secretary, the appropriate filing authority is the governing body's presiding officer. Basically, any political subdivision that is authorized by the laws of this state to hold an election is considered a local filing authority. Examples are cities, school districts, and municipal utility districts.

FILING WITH A DIFFERENT AUTHORITY

If you have a campaign treasurer appointment on file with one authority, and you wish to accept campaign contributions or make or authorize campaign expenditures in connection with another office that would require filing with a different authority, you must file a new campaign treasurer appointment ***and*** a copy of your old campaign treasurer appointment (certified by the old authority) with the new filing authority before beginning your campaign. You should also provide written notice to the original filing authority that your future reports will be filed with another authority; use Form CTA-T for this purpose.

FORMING A POLITICAL COMMITTEE

As a candidate, you must file an APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE (FORM CTA). You may also form a specific-purpose committee to support your candidacy. Remember that filing a campaign treasurer appointment for a political committee does not eliminate the requirement that a candidate file his or her own campaign treasurer appointment (FORM CTA) and the related reports.

NOTE: *See the Campaign Finance Guide for Political Committees for further information about specific-purpose committees.*

CHANGING A CAMPAIGN TREASURER

If you wish to change your campaign treasurer, simply file an amended campaign treasurer appointment (FORM ACTA). This will automatically terminate the outgoing campaign treasurer appointment.

AMENDING A CAMPAIGN TREASURER APPOINTMENT

If *any* of the information reported on the campaign treasurer appointment (FORM CTA) changes, file an AMENDMENT: APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE (FORM ACTA) to report the change.

REPORTING REQUIREMENT FOR CERTAIN OFFICEHOLDERS

If you are an officeholder who appoints a campaign treasurer after a period of not having one, you must file a report of contributions, expenditures, and loans no later than the 15th day after your appointment is effective. This requirement is not applicable if you are a candidate or an officeholder who is merely changing campaign treasurers.

TERMINATING A CAMPAIGN TREASURER APPOINTMENT

You may terminate your campaign treasurer appointment at any time by:

1) filing a campaign treasurer appointment for a successor campaign treasurer, or

2) filing a final report.

Remember that you may not accept any campaign contributions or make or authorize any campaign expenditures without a campaign treasurer appointment on file. You may, however, accept officeholder contributions and make or authorize officeholder expenditures.

If your campaign treasurer quits, he or she must give written notice to both you and your filing authority. The termination will be effective on the date you receive the notice or on the date your filing authority receives the notice, whichever is later.

FILING A FINAL REPORT

For filing purposes, you are a "candidate" as long as you have an appointment of campaign treasurer on file. If you do not expect to accept any further campaign contributions or to make any further campaign expenditures, you may file a final report of contributions and expenditures. A final report terminates your appointment of campaign treasurer and relieves you of the obligation of filing further reports as a candidate. If you have surplus funds, or if you retain assets purchased with political funds, you will be required to file annual reports. (*See instructions for FORM C/OH - UC.*) If you are an officeholder at the time of filing a final report, you may be required to file semiannual reports of contributions, expenditures, and loans as an officeholder.

If you do not have an appointment of campaign treasurer on file, you may not accept *campaign* contributions or make *campaign* expenditures. A payment on a campaign debt is a campaign expenditure. An officeholder who does not have an appointment of campaign treasurer on file may accept *officeholder* contributions and make *officeholder* expenditures.

To file a final report, you must complete the CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT (FORM C/OH), check the "final" box on Page 1, Section 9, and complete and attach the DESIGNATION OF FINAL REPORT (FORM C/OH-FR).

ELECTRONIC FILING

All persons filing campaign finance reports with the Commission are required to file those reports electronically unless the person is entitled to claim an exemption. Please check the Commission's website at *http://www.ethics.state.tx.us* for information about exemptions from the electronic filing requirements.

GUIDES

All candidates should review the applicable Commission's campaign finance guide. Guides are available on the Commission's website at *http://www.ethics.state.tx.us.*

SPECIFIC INSTRUCTIONS

Each numbered item in these instructions corresponds to the same numbered item on the form.

PAGE 1

1. **TOTAL PAGES FILED**: After you have completed the form, enter the total number of pages of this form and any additional pages. A "page" is one side of a two-sided form. If you are not using a two-sided form, a "page" is a single sheet.

2. **CANDIDATE NAME**: Enter your full name, including nicknames and suffixes (e.g., Sr., Jr., III), if applicable. Enter your name in the same way on Page 2, Section 11, of this form.

3. **CANDIDATE MAILING ADDRESS**: Enter your complete mailing address, including zip code. This information will allow your filing authority to correspond with you. If this information changes, please notify your filing authority immediately.

4. **CANDIDATE PHONE**: Enter your phone number, including the area code and extension, if applicable.

5. **OFFICE HELD**: If you are an officeholder, please enter the office you currently hold. Include the district, precinct, or other designation for the office, if applicable.

6. **OFFICE SOUGHT**: If you are a candidate, please enter the office you seek, if known. Include the district, precinct, or other designation for the office, if applicable.

7. **CAMPAIGN TREASURER NAME**: Enter the full name of your campaign treasurer, including nicknames and suffixes (e.g., Sr., Jr., III), if applicable.

8. **CAMPAIGN TREASURER STREET ADDRESS**: Enter the complete street address of your campaign treasurer, including the zip code. You may enter either the treasurer's business or residential street address. If you are your own treasurer, you may enter either your business or residential street address.

9. **CAMPAIGN TREASURER PHONE**: Enter the phone number of your campaign treasurer, including the area code and extension, if applicable.

10. **CANDIDATE SIGNATURE**: Enter your signature after reading the summary. Your signature here indicates that you have read the following summary of the nepotism law; that you are aware of your responsibility to file timely reports; and that you are aware of the restrictions on contributions from corporations and labor organizations.

    - The Texas nepotism law (Government Code, chapter 573) imposes certain restrictions on both officeholders and candidates. You should consult the statute in regard to the restrictions applicable to officeholders.

    - A candidate may not take an affirmative action to influence an employee of the office to which the candidate seeks election in regard to the appointment, confirmation, employment or employment conditions of an individual who is related to the candidate within a prohibited degree.

    - A candidate for a multi-member governmental body may not take an affirmative action to influence an officer or employee of the governmental body to which the candidate seeks election in regard to the appointment, confirmation, or employment of an individual related to the candidate in a prohibited degree.

    - Two people are related within a prohibited degree if they are related within the third degree by consanguinity (blood) or the second degree by affinity (marriage). The degree of consanguinity is determined by the number of generations that separate them. If neither is descended from the other, the degree of consanguinity is determined by adding the number of generations that each is separated from a common ancestor. Examples: (1) first degree - parent to child; (2) second degree - grandparent to grandchild; or brother to sister; (3) third degree - great-grandparent to great-grandchild; or aunt to niece who is child of individual's brother or sister. A husband and wife are related in the first degree by affinity. A wife has the same degree of relationship by affinity to her husband's relatives as her husband has by

consanguinity. For example, a wife is related to her husband's grandmother in the second degree by affinity.

PAGE 2

11. CANDIDATE NAME: Enter your name as you did on Page 1.

12. MODIFIED REPORTING DECLARATION: Sign this option if you wish to report under the modified reporting schedule.

The modified reporting option is not available for candidates for the office of state chair of a political party and candidates for county chair of a political party.

To the left of your signature, enter the year of the election or election cycle to which your selection of modified reporting applies.

Your selection of modified reporting is valid for an entire election cycle. For example, if you choose modified reporting before a primary election, your selection remains in effect for any runoff and for the general election and any related runoff. You must make this selection at least 30 days before the first election to which your selection applies.

An opposed candidate in an election is eligible to report under the modified reporting schedule if he or she does not intend to accept more than $1,110 in political contributions or make more than $1,110 in political expenditures in connection with an election. The amount of a filing fee paid to qualify for a place on the ballot does not count against the $1,110 expenditure limit. An opposed candidate who reports under the modified schedule is not required to file pre-election reports (due 30 days and 8 days before an election) or runoff reports (due 8 days before a runoff). (Note: An *unopposed* candidate is not required to file pre-election reports in the first place.) The obligations to file semiannual reports, special pre-election reports (formerly known as telegram reports), or special session reports, if applicable, are not affected by selecting the modified schedule.

The $1,110 maximums apply to each election within the cycle. In other words, you are limited to $1,110 in contributions and expenditures in connection with the primary, an additional $1,110 in contributions and expenditures in connection with the general election, and an additional $1,110 in contributions and expenditures in connection with a runoff.

EXCEEDING $1,110 IN CONTRIBUTIONS OR EXPENDITURES. If you exceed $1,110 in contributions or expenditures in connection with an election, you must file according to the regular filing schedule. In other words, you must file pre-election reports and a runoff report, if you are in a runoff.

If you exceed either of the $1,110 limits *after the 30th day before the election*, you must file a sworn report of contributions and expenditures within 48 hours after exceeding the limit. After that, you must file any pre-election reports or runoff reports that are due under the regular filing schedule.

Your selection is not valid for other elections or election cycles. Use the AMENDMENT (FORM ACTA) to renew your option to file under the modified schedule for a different election year or election cycle.

For more information, see the Commission's campaign finance guide that applies to you.

TEXAS ETHICS COMMISSION

CAMPAIGN FINANCE GUIDE FOR CANDIDATES AND OFFICEHOLDERS WHO FILE WITH LOCAL FILING AUTHORITIES

This guide is for candidates for and officeholders in the following positions:

- **county offices;**
- **precinct offices;**
- **single-county district offices;**
- **city offices; and**
- **offices of other political subdivisions such as school districts**

This guide applies to candidates for and officeholders of justice of the peace. This guide does not apply to candidates for and judges of statutory county courts, statutory probate courts, or district courts. For those candidates and officeholders, the Ethics Commission makes available a CAMPAIGN FINANCE GUIDE FOR JUDICIAL CANDIDATES AND OFFICEHOLDERS.

The Ethics Commission also makes available a CAMPAIGN FINANCE GUIDE FOR CANDIDATES AND OFFICEHOLDERS WHO FILE WITH THE ETHICS COMMISSION, a CAMPAIGN FINANCE GUIDE FOR POLITICAL COMMITTEES, and a CAMPAIGN FINANCE GUIDE FOR POLITICAL PARTIES.

Revised January 1, 2025

Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711
www.ethics.state.tx.us
(512) 463-5800 • TDD (800) 735-2989
Promoting Public Confidence in Government

CAMPAIGN FINANCE GUIDE FOR CANDIDATES AND OFFICEHOLDERS WHO FILE WITH LOCAL FILING AUTHORITIES

TABLE OF CONTENTS

INTRODUCTION **1**
- IMPORTANT UPDATES 1
- OFFICEHOLDERS 1
- JUDICIAL CANDIDATES AND OFFICEHOLDERS 1
- FEDERAL OFFICES 2
- FILING AUTHORITIES 2
- POLITICAL COMMITTEES (PACS) 3
- FINANCIAL DISCLOSURE STATEMENTS 3
- FEDERAL INCOME TAX 3
- TEXAS ETHICS COMMISSION 3

APPOINTING A CAMPAIGN TREASURER **3**
- NO CAMPAIGN CONTRIBUTIONS OR EXPENDITURES WITHOUT TREASURER APPOINTMENT ON FILE 4
- APPOINTING TREASURER TRIGGERS REPORTING DUTIES 4
- QUALIFICATIONS OF CAMPAIGN TREASURER 4
- DUTIES OF CAMPAIGN TREASURER 5
- EFFECTIVE DATE OF APPOINTMENT 5
- CODE OF FAIR CAMPAIGN PRACTICES 5
- APPOINTMENT BY OFFICEHOLDER 5
- FILING FOR A PLACE ON THE BALLOT 5
- CHANGING TREASURERS 5
- TRANSFERRING TO A DIFFERENT FILING AUTHORITY 5
- TERMINATING A CAMPAIGN TREASURER APPOINTMENT 6
- DECIDING NOT TO RUN 6
- THINGS TO REMEMBER 6

POLITICAL CONTRIBUTIONS AND EXPENDITURES **7**
- CAMPAIGN CONTRIBUTIONS 7
- CAMPAIGN EXPENDITURES 7
- OFFICEHOLDER CONTRIBUTIONS 8
- OFFICEHOLDER EXPENDITURES 8
- CAMPAIGN EXPENDITURES BY OFFICEHOLDER 8
- PERMISSIBLE USE OF POLITICAL CONTRIBUTIONS 8
- USE OF POLITICAL FUNDS TO RENT OR PURCHASE REAL PROPERTY 8
- ACCEPTING CONTRIBUTIONS 9
- REIMBURSEMENT FOR POLITICAL EXPENDITURES FROM PERSONAL FUNDS 9
- SEPARATE ACCOUNT REQUIRED 9
- RESTRICTIONS INVOLVING LOBBYING 10

INFORMATION REQUIRED ON REPORTS **11**
- CONTRIBUTIONS 11
- PLEDGES 11
- LOANS 11
- CONTRIBUTIONS OF PERSONAL SERVICES 12

CONTRIBUTIONS OF PERSONAL TRAVEL 12
CONTRIBUTIONS FROM OUT-OF-STATE POLITICAL COMMITTEES 12
EXPENDITURES 13
UNPAID INCURRED OBLIGATIONS 13
EXPENDITURES MADE BY CREDIT CARD 13
CAMPAIGN EXPENDITURES FROM PERSONAL FUNDS 13
OFFICEHOLDER EXPENDITURES FROM PERSONAL FUNDS 14
DIRECT EXPENDITURES 14
SUPPORTING POLITICAL COMMITTEES 14
PAYMENTS TO A BUSINESS OF THE CANDIDATE OR OFFICEHOLDER 15
INTEREST EARNED AND OTHER CREDITS/GAINS/REFUNDS 15
PURCHASE OF INVESTMENTS 15
TOTAL POLITICAL CONTRIBUTIONS MAINTAINED 15
TIME OF ACCEPTING CONTRIBUTION 16
TIME OF MAKING EXPENDITURE 16
PREPARING REPORTS 16
FORMS 16
SIGNATURE REQUIRED 17
FILING DEADLINES 17
PERIODS COVERED BY REPORTS 17
DEADLINE ON WEEKEND OR HOLIDAY 17
5 P.M. DEADLINE 17
DELIVERY BY MAIL OR OTHER CARRIER 17
RETENTION OF RECORDS USED FOR REPORTS 17
REPORTS 18
SEMIANNUAL REPORTS 18
REPORT DUE 8 DAYS BEFORE A RUNOFF ELECTION 18
MODIFIED REPORTING 19
"15TH DAY AFTER APPOINTMENT OF CAMPAIGN TREASURER BY AN OFFICEHOLDER" REPORT 19
FINAL REPORT 19
ANNUAL REPORT OF UNEXPENDED CONTRIBUTIONS 19
FINAL DISPOSITION OF UNEXPENDED CONTRIBUTIONS REPORT 19
THINGS TO REMEMBER 20
ENDING FILING OBLIGATIONS 20
FINAL REPORT 20
ANNUAL REPORT OF UNEXPENDED CONTRIBUTIONS 21
REPORT OF FINAL DISPOSITION OF UNEXPENDED CONTRIBUTIONS 21
THINGS TO REMEMBER 22
PENALTIES FOR REPORTING VIOLATIONS 22
CAMPAIGN FINANCE RESTRICTIONS 22

INTRODUCTION

This guide is a summary of reporting requirements and other regulations set out in Title 15 of the Texas Election Code (Chs. 251-259) and in the rules adopted by the Texas Ethics Commission. This guide applies to candidates for and officeholders in most local offices in Texas.

This guide does not apply to candidates for or officeholders of statewide elective offices, the State Legislature, seats on the State Board of Education, or multi-county district offices. Nor does it apply to candidates for or judges of statutory county courts, statutory probate courts, or district courts.

IMPORTANT UPDATES

As directed by section 571.064 of the Texas Government Code, the Commission is required to annually adjust certain reporting thresholds upward to the nearest multiple of $10 in accordance with the percentage increase for the previous year in the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor.

These changes will be made effective January 1st of each calendar year; the affected numbers and corresponding new thresholds are located in 1 T.A.C. §18.31, which can be found here: https://www.ethics.state.tx.us/rules/. The higher itemization thresholds will be reflected on the paper forms and in these instructions, as applicable.

Verify that you are using the correct thresholds and forms that apply to your filing. For example, if you are filing a campaign finance report or lobby activities report that is due in January of 2021, you must use the forms and instructions that are applicable to the period ending December 31, 2020.

OFFICEHOLDERS

Officeholders as well as candidates are subject to regulation under Title 15. An officeholder who has a campaign treasurer appointment on file with a filing authority is a "candidate" for purposes of Title 15 and is subject to all the regulations applicable to candidates. An officeholder who does not have a campaign treasurer appointment on file is subject only to the regulations applicable to officeholders.

Most of the requirements discussed in this guide apply to both candidates (individuals who have a campaign treasurer appointment on file) and to officeholders who do not have a campaign treasurer appointment on file. The guide will indicate whether a particular requirement applies to individuals who have campaign treasurer appointments on file, to officeholders who do not have campaign treasurer appointments on file, or to both.

JUDICIAL CANDIDATES AND OFFICEHOLDERS

Candidates for and officeholders in most judicial offices are subject to various restrictions that do not apply to other candidates and officeholders. Those candidates and officeholders should review the CAMPAIGN FINANCE GUIDE FOR JUDICIAL CANDIDATES AND OFFICEHOLDERS and the POLITICAL ADVERTISING GUIDE which are available on the commission's website.

Nonjudicial Officeholder Seeking Judicial Office. Pursuant to Op. Tex. Ethics Comm'n No. 465 (2005), a nonjudicial officeholder who becomes a judicial candidate is required to file two campaign finance reports, one reporting nonjudicial activity and the other reporting judicial activity. Alternatively, a nonjudicial officeholder who becomes a judicial candidate may select to file a single report that includes both candidate and officeholder activity if the activity is clearly and properly reported. *See* the CAMPAIGN FINANCE GUIDE FOR JUDICIAL CANDIDATES AND OFFICEHOLDERS for more information.

FEDERAL OFFICES

This guide does not apply to candidates for federal offices. Candidates for federal offices should contact the Federal Election Commission. The FEC's toll-free number is (800) 424-9530.

FILING AUTHORITIES

Title 15 requires candidates and officeholders to file various documents and reports with the appropriate filing authority.

The filing authority for a local candidate or officeholder depends on the nature of the office sought or held.

County Clerk. The county clerk (or the county elections administrator if the county has an elections administrator, or tax assessor-collector if the county's commissioners court has transferred the filing authority function to the tax assessor-collector and the county clerk and tax assessor-collector have agreed to the transfer) is the appropriate filing authority for a candidate for:

- a county office;
- a precinct office;
- a district office (except for multi-county district offices); and
- an office of a political subdivision other than a county if the political subdivision is within the boundaries of a single county and if the governing body of the political subdivision has not been formed.

Other local filing authority. If a candidate is seeking an office of a political subdivision other than a county, the appropriate filing authority is the *clerk or secretary of the governing body* of the political subdivision. If the political subdivision has no clerk or secretary, the appropriate filing authority is the governing body's presiding officer.

Texas Ethics Commission. The Texas Ethics Commission is the appropriate filing authority for candidates for:

- Multi-county district offices. (Reminder: This guide does not apply to multi-county district offices.)

- An office of a political subdivision other than a county if the political subdivision includes areas in more than one county and if the governing body of the political subdivision has not been formed.

POLITICAL COMMITTEES (PACS)

Often a candidate or officeholder chooses to establish a specific-purpose political committee. A political committee is subject to *separate* filing requirements. Establishing a specific-purpose political committee does not relieve a candidate or officeholder of the obligation to file as an individual. For more information about political committees, see the Ethics Commission's CAMPAIGN FINANCE GUIDE FOR POLITICAL COMMITTEES.

FINANCIAL DISCLOSURE STATEMENTS

Some local candidates and officeholders are required to file an annual personal financial statement in accordance with Government Code Chapter 572 or Local Government Code Chapter 159. This statement is not a campaign finance document, and is not addressed in this guide.

FEDERAL INCOME TAX

This pamphlet does not address the federal tax implications of campaign finance. Questions regarding federal tax law should be directed to the Internal Revenue Service.

TEXAS ETHICS COMMISSION

If you have a question about how Title 15 applies to you, you may call the Ethics Commission for assistance or you may request a written advisory opinion.

The Ethics Commission has authority to impose fines for violations of Title 15. If you have evidence that a person has violated Title 15, you may file a sworn complaint with the Ethics Commission.

The Ethics Commission's mailing address is P.O. Box 12070, Austin, Texas 78711. The phone number is (512) 463-5800. The Ethics Commission maintains a website at *www.ethics.state.tx.us*.

APPOINTING A CAMPAIGN TREASURER

If you plan to run for a public office in Texas (except for a federal office), you must file an APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE (FORM CTA) with the proper filing authority before you become a candidate, even if you do not intend to accept campaign contributions or make campaign expenditures. A "candidate" is a person who knowingly and willingly takes affirmative action for the purpose of gaining nomination or election to public office or for the purpose of satisfying financial obligations incurred by the person in connection with the campaign for nomination or election. Examples of affirmative action include:

(A) the filing of a campaign treasurer appointment, except that the filing does not constitute candidacy or an announcement of candidacy for purposes of the

automatic resignation provisions of Article XVI, Section 65, or Article XI, Section 11, of the Texas Constitution;

(B) the filing of an application for a place on the ballot;

(C) the filing of an application for nomination by convention;

(D) the filing of a declaration of intent to become an independent candidate or a declaration of write-in candidacy;

(E) the making of a public announcement of a definite intent to run for public office in a particular election, regardless of whether the specific office is mentioned in the announcement;

(F) before a public announcement of intent, the making of a statement of definite intent to run for public office and the soliciting of support by letter or other mode of communication;

(G) the soliciting or accepting of a campaign contribution or the making of a campaign expenditure; and

(H) the seeking of the nomination of an executive committee of a political party to fill a vacancy.

NO CAMPAIGN CONTRIBUTIONS OR EXPENDITURES WITHOUT TREASURER APPOINTMENT ON FILE

Additionally, the law provides that you must file a campaign treasurer appointment form with the proper filing authority before you may accept a campaign contribution or make or authorize a campaign expenditure, including an expenditure from your personal funds. A filing fee paid to a filing authority to qualify for a place on a ballot is a campaign expenditure that may not be made before filing a campaign treasurer appointment form with the proper filing authority.

APPOINTING TREASURER TRIGGERS REPORTING DUTIES

After a candidate has filed a form appointing a campaign treasurer, the candidate is responsible for filing periodic reports of contributions and expenditures. Filing reports is the responsibility of the candidate, not the campaign treasurer. Even if a candidate loses an election, he or she must continue filing reports until he or she files a final report. *See* "Ending Filing Obligations" in this guide. (An officeholder who files a final report, and thereby terminates his or her campaign treasurer appointment, may still be required to file semiannual reports of contributions and expenditures as an officeholder.)

QUALIFICATIONS OF CAMPAIGN TREASURER

A person is ineligible for appointment as a campaign treasurer if the person is the campaign treasurer of a political committee that has outstanding filing obligations (including outstanding penalties). This prohibition does not apply if the committee in connection with which the ineligibility arose has not accepted more than $5,000 in political contributions or made more than $5,000 in political expenditures in any semiannual reporting period. A person who violates

this prohibition is liable for a civil penalty not to exceed three times the amount of political contributions accepted or political expenditures made in violation of this provision.

DUTIES OF CAMPAIGN TREASURER

A candidate's campaign treasurer has no legal duties. (**Note:** The campaign treasurer of a *political committee* is legally responsible for filing reports.)

EFFECTIVE DATE OF APPOINTMENT

A campaign treasurer appointment is effective when filed. A hand-delivered appointment takes effect on the date of delivery. A mailed appointment takes effect on the date of the postmark.

CODE OF FAIR CAMPAIGN PRACTICES

A filing authority should provide to each individual who files a campaign treasurer appointment a form containing a Code of Fair Campaign Practices. A candidate may pledge to conduct his or her campaign in accordance with the principles and practices set out in the Code by signing the form and filing it with the appropriate filing authority.

APPOINTMENT BY OFFICEHOLDER

If an officeholder files an appointment of campaign treasurer after a period in which he or she did not have a campaign treasurer appointment on file, the officeholder may have to file a report of contributions and expenditures no later than 15 days after filing the appointment of campaign treasurer. *See* "15th Day After Appointment of Campaign Treasurer by Officeholder" in this guide. An officeholder who *changes* a campaign treasurer is not required to file this report.

Note: An officeholder who has a campaign treasurer appointment on file is a candidate for purposes of Title 15.

FILING FOR A PLACE ON THE BALLOT

Filing a campaign treasurer appointment and filing for a place on the ballot are two completely separate actions. The Secretary of State can provide information about filing for a place on the ballot. Call the Secretary of State at (512) 463-5650 or toll-free at (800) 252-8683.

CHANGING TREASURERS

A candidate may change campaign treasurers at any time by filing an amended appointment of campaign treasurer (FORM ACTA). Filing an appointment of a new treasurer automatically terminates the appointment of the old treasurer.

TRANSFERRING TO A DIFFERENT FILING AUTHORITY

If a candidate has a campaign treasurer appointment on file with one filing authority and wishes to accept campaign contributions or make campaign expenditures in connection with a candidacy for an office that would require reporting to a different filing authority, the candidate must file a new campaign treasurer appointment and a copy of the old campaign treasurer appointment (certified by original authority) with the second filing authority. The candidate should also

provide written notice to the original filing authority that future reports will be filed with another authority. In general, funds accepted in connection with one office may be used in connection with a campaign for a different office, as long as neither of the offices is a judicial office.

TERMINATING A CAMPAIGN TREASURER APPOINTMENT

A candidate may terminate a campaign treasurer appointment by filing an amended appointment of campaign treasurer or by filing a final report.

A campaign treasurer may terminate his or her own appointment by notifying both the candidate and the filing authority in writing. The termination is effective on the date the candidate receives the notice or on the date the filing authority receives the notice, whichever is later.

DECIDING NOT TO RUN

A campaign treasurer appointment does not simply expire. An individual who has a campaign treasurer appointment on file must file reports of contributions and expenditures until he or she files a final report with the filing authority. *See* "Ending Filing Obligations" in this guide.

THINGS TO REMEMBER

- If you plan to run for a public office in Texas (except for a federal office), you must file an APPOINTMENT OF A CAMPAIGN TREASURER BY A CANDIDATE (FORM CTA) with the proper filing authority before you become a candidate, even if you do not intend to accept campaign contributions or make campaign expenditures.

- A person may not accept a campaign contribution or make a campaign expenditure unless the person has a campaign treasurer appointment on file with the proper filing authority.

- Once a person files a form appointing a campaign treasurer, the person is a candidate for disclosure filing purposes and is responsible for filing periodic reports of contributions and expenditures with the proper filing authority until the person files a "final report."

- The candidate, not the campaign treasurer, is responsible for filing periodic reports of contributions and expenditures.

- Filing a campaign treasurer appointment does not automatically "sign you up" for a place on the ballot. The Secretary of State can provide information about getting on the ballot. Call (512) 463-5650 or (800) 252-8683.

POLITICAL CONTRIBUTIONS AND EXPENDITURES

Title 15 regulates political contributions and political expenditures. There are two types of political contributions: campaign contributions and officeholder contributions. Similarly, there are two kinds of political expenditures: campaign expenditures and officeholder expenditures.

CAMPAIGN CONTRIBUTIONS

A person makes a campaign contribution to a candidate if the person provides or promises something of value with the intent that it be used in connection with a campaign. A contribution of goods or services is an "in-kind" campaign contribution. A loan is considered to be a contribution unless it is from an incorporated financial institution that has been in business for more than a year. Candidates must report all loans made for campaign purposes, including loans that are not "contributions."

- Donations to a candidate at a fund-raiser are campaign contributions.
- The provision of office space to a candidate is an "in-kind" campaign contribution.
- A promise to give a candidate money is a campaign contribution.
- An item donated to be auctioned at a fund-raiser is an "in-kind" campaign contribution. The purchase of the item at the auction is also a contribution.
- A campaign volunteer is making a contribution in the form of personal services. (Contributions of personal services are sometimes not required to be reported. See "Contributions of Personal Services" in this guide.)

Note: An individual may not accept a campaign contribution without an appointment of campaign treasurer on file with the proper filing authority.

CAMPAIGN EXPENDITURES

A campaign expenditure is a payment or an agreement to make a payment in connection with a campaign for an elective office.

- Paying a filing fee in connection with an application for a place on a ballot is a campaign expenditure.
- Purchasing stationery for fund-raising letters is a campaign expenditure.
- Renting a field to hold a campaign rally is a campaign expenditure.
- Paying people to put up yard signs in connection with an election is a campaign expenditure.

Note: An individual may not make a campaign expenditure unless he or she has a campaign treasurer appointment on file with the proper filing authority.

OFFICEHOLDER CONTRIBUTIONS

The provision of or a promise to provide goods or services to an officeholder that is intended to defray expenses in connection with an officeholder's duties or activities is an officeholder contribution if the expenses are not reimbursable with public money. A contribution of goods or services is an "in-kind" officeholder contribution.

A loan from an incorporated financial institution that has been in business for more than a year is not considered a contribution, but an officeholder must report any such loans made for officeholder purposes.

An officeholder is not required to have a campaign treasurer appointment on file to accept officeholder contributions. An officeholder who does not have a campaign treasurer on file may not accept *campaign* contributions.

OFFICEHOLDER EXPENDITURES

A payment or agreement to pay certain expenses in connection with an officeholder's duties or activities is an officeholder expenditure if the expenses are not reimbursable with public money.

An officeholder is not required to have a campaign treasurer appointment on file to make officeholder expenditures. An officeholder who does not have a campaign treasurer on file may not make *campaign* expenditures.

CAMPAIGN EXPENDITURES BY OFFICEHOLDER

An officeholder who has a campaign treasurer appointment on file may accept both campaign contributions and officeholder contributions and make both campaign expenditures and officeholder expenditures. On a report, there is no need for an officeholder who is a candidate to distinguish between campaign contributions and officeholder contributions or between campaign expenditures and officeholder expenditures. Both campaign contributions and officeholder contributions are reported as "political contributions" and both campaign expenditures and officeholder expenditures are reported as "political expenditures."

An officeholder who does not have a campaign treasurer on file may accept officeholder contributions and make officeholder expenditures but may not accept campaign contributions or make campaign expenditures.

PERMISSIBLE USE OF POLITICAL CONTRIBUTIONS

An officeholder may use officeholder contributions for campaign purposes if the officeholder has an appointment of campaign treasurer on file. Candidates and officeholders may not convert political contributions to personal use. *See* "Campaign Finance Restrictions" in this guide.

USE OF POLITICAL FUNDS TO RENT OR PURCHASE REAL PROPERTY

A candidate or officeholder is prohibited from using political funds to purchase real property or

to pay the interest on or principal of a note for the purchase of real property.

A candidate or officeholder may not knowingly make or authorize a payment from political funds for the rental or purchase of real property from: (1) a person related to the candidate or officeholder within the second degree of consanguinity or affinity as determined under Chapter 573, Government Code; or (2) a business in which the candidate or officeholder (or a person related to the candidate or officeholder within the second degree of consanguinity or affinity) has a participating interest of more than 10 percent, holds a position on the governing body, or serves as an officer. Tex. Elec. Code § 253.038 (a-1). This restriction applies to a payment made from political funds on or after September 1, 2007, without regard to whether the payment was made under a lease or other agreement entered into before that date.

ACCEPTING CONTRIBUTIONS

A candidate or officeholder must report contributions that he or she has *accepted*. Receipt is different from acceptance. A decision to *accept* a contribution must be made by the end of the reporting period during which the contribution is received.

Failure to make a determination about acceptance or refusal. If a candidate or officeholder fails to make a timely determination to accept or refuse a contribution by the deadline, the contribution is considered to have been accepted.

Returning refused contributions. If a candidate or officeholder receives a political contribution but does not accept it, he or she must return the contribution not later than the 30th day after the end of the reporting period in which the contribution was received. Otherwise, the contribution is considered to have been accepted.

REIMBURSEMENT FOR POLITICAL EXPENDITURES FROM PERSONAL FUNDS

If a candidate or officeholder makes political expenditures from personal funds, he or she may use political contributions to reimburse himself or herself if the expenditures are properly reported either on the reporting schedule for loans or on the reporting schedule for political expenditures from personal funds. In order for a candidate or officeholder to use political contributions to reimburse his or her personal funds, the political expenditure from personal funds must be properly reported on the report covering the period in which the expenditures are made. *A filed report may not be later corrected to indicate an intention to reimburse personal funds from political contributions.*

If a candidate or officeholder deposits personal funds in an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code, the deposited amount must be reported as a loan and reimbursements to the candidate or officeholder may not exceed the amount reported as a loan. *See* "Campaign Expenditures from Personal Funds" in this guide for additional information.

SEPARATE ACCOUNT REQUIRED

A candidate or officeholder must keep political contributions in one or more accounts that are separate from any other account maintained by the candidate or officeholder. (There is no

requirement to keep campaign contributions in a separate account from officeholder contributions.)

RESTRICTIONS INVOLVING LOBBYING

The 2019 legislature passed House Bill 2677 to amend Chapter 305 of the Government Code and Chapter 253 of the Election Code to enact the following restrictions. Each prohibition begins on September 27, 2019. For the language of the bill, go to https://capitol.texas.gov/tlodocs/86R/billtext/html/HB02677F.htm.

Making Political Contributions and Direct Campaign Expenditures. Unless expressly prohibited, a lobbyist may make political contributions and direct campaign expenditures. The campaign finance law, however, generally prohibits corporations and labor organizations from making political contributions. Tex. Elec. Code § 253.094.

Section 253.006 of the Election Code prohibits a person required to register as a lobbyist under Chapter 305 of the Government Code from making political contributions or direct campaign expenditures from certain sources of funds. A person required to register as a lobbyist is prohibited from making or authorizing a political contribution to another candidate, officeholder, or political committee, or making or authorizing a direct campaign expenditure, from political contributions accepted by:

(1) the lobbyist as a candidate or officeholder;

(2) a specific-purpose committee that supports the lobbyist as a candidate or assists the lobbyist as an officeholder; or

(3) a political committee that accepted a political contribution from (1) or (2), described above, during the two years immediately before the contribution or expenditure was made.

Two-Year Lobbying Prohibition After Making a Political Contribution or Direct Campaign Expenditure. Section 253.007 of the Election Code prohibits lobbying by persons who make political contributions or direct campaign expenditures from certain sources of funds. A person who makes a political contribution to another candidate, officeholder, or political committee, or makes a direct campaign expenditure, from political contributions accepted by the person as a candidate or officeholder is prohibited from engaging in activities that require registration as a lobbyist under Chapter 305 of the Government Code for two years thereafter.

However, an exception to this prohibition allows a person who does not receive compensation other than reimbursement for actual expenses to lobby on behalf of a nonprofit organization, a group of low-income individuals, or a group of individuals with disabilities.

Lobby Expenditures from Political Contributions. Section 305.029 of the Government Code prohibits certain lobby expenditures made from political contributions. A lobbyist registered under Chapter 305 of the Government Code, or a person on behalf of the lobbyist and with the lobbyist's consent or ratification, is prohibited from making a reportable lobby expenditure from a political contribution accepted by:

(1) the lobbyist as a candidate or officeholder;

(2) a specific-purpose committee that supports the lobbyist as a candidate or assists the lobbyist as an officeholder; or

(3) a political committee that accepted a political contribution from (1) or (2), described above, during the two years immediately before the lobbyist made or authorized the expenditure.

INFORMATION REQUIRED ON REPORTS

CONTRIBUTIONS

A report must disclose the amount of each contribution or the value and nature of any in-kind contribution, as well as the name and address of the individual or political committee making the contribution, and the date of the contribution. (Detailed information about a contributor is not required to be reported if the contributor contributed $110 or less during the reporting period. However, all contributions made electronically must be itemized with this information.)

PLEDGES

Promises to transfer money, goods, services, or other things of value are contributions. If a filer accepts such a promise, he or she must report it (along with the information required for other contributions) on the reporting schedule for "pledges." Once a pledge has been received, it is reported on the appropriate receipts schedule for the reporting period in which the pledge is received. A pledge that is actually received in the same reporting period in which the pledge was accepted shall be reported only on the appropriate receipts schedule.

Note: A pledge is not a contribution unless it has been accepted.

Example 1: In June a supporter promises that he will give Juan Garcia $1,000 in the last week before the November election. Juan accepts his promise. Juan must report the pledge on his July 15 report. Juan must also report a political contribution when the pledge is actually received. (**Note:** If Juan receives the pledge during the July semiannual reporting period then he does not report the pledge and only reports a political contribution. Also, if he never receives the $1,000, he does not amend his report to delete the entry for the pledge.)

Example 2: At a party, an acquaintance says to Juan, "I'd like to give you some money; call me at my office." Juan agrees to call. At this point, Juan has accepted nothing and has nothing to report. Juan has not agreed to accept money; he has merely agreed to call.

LOANS

Loans made for campaign or officeholder purposes are reportable. A filer must report the amount of a loan, the date the loan is made, the interest rate, the maturity date, the type of collateral, and the name and address of the lender. The filer must also report the name, address, principal occupation, and employer of any guarantor and the amount guaranteed by the guarantor. (Detailed information is not required if a particular lender lent $110 or less during a reporting period.) If a candidate or officeholder deposits personal funds in an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code, the deposited amount must be reported as a loan. *See* "Campaign Expenditures from Personal

Funds" in this guide for additional information.

Note: A loan from an incorporated financial institution that has been in business for more than one year is not a contribution. Other loans are considered to be contributions. This distinction is important because of the prohibition on contributions from banks and certain other financial institutions. *See* "Campaign Finance Restrictions" in this guide. All loans are reported on the same schedule, regardless of whether they are contributions. Additionally, the forgiveness of a loan is a reportable in-kind contribution. *See* 1 Tex. Admin. Code § 20.64.

CONTRIBUTIONS OF PERSONAL SERVICES

A political contribution consisting of an individual's personal services is not required to be reported if the individual receives no compensation *from any source* for the services.

CONTRIBUTIONS OF PERSONAL TRAVEL

A political contribution consisting of personal travel expense incurred by an individual is not required to be reported if the individual receives no reimbursement for the expense.

CONTRIBUTIONS FROM OUT-OF-STATE POLITICAL COMMITTEES

There are restrictions on contributions from out-of-state political committees. The fact that a political committee has a mailing address outside of Texas does not mean that the committee is an out-of-state political committee for purposes of these restrictions. A political committee that has a campaign treasurer appointment on file in Texas is not an out-of-state political committee for purposes of these restrictions.

Contributions over $1,110 in a reporting period. Before *accepting* more than $1,110 in a reporting period from an out-of-state committee, a candidate or officeholder must obtain either (1) a written statement, certified by an officer of the out-of-state political committee, listing the full name and address of each person who contributed more than $220 to the out-of-state political committee during the 12 months immediately preceding the contribution, *or* (2) a copy of the out-of-state political committee's statement of organization filed as required by law with the Federal Election Commission and certified by an officer of the out-of-state committee.

This documentation must be included with the report of contributions and expenditures for the period in which the contribution was received.

Contributions of $1,110 or less in a reporting period. For a contribution of $1,110 or less from an out-of-state committee in a reporting period, there is no requirement to obtain documentation *before accepting* the contribution. But there is a requirement to include certain documentation with the report of the contribution. The report must include *either* (1) a copy of the out-of-state political committee's statement of organization filed as required by law with the Federal Election Commission and certified by an officer of the out-of-state committee, *or* (2) the committee's name, address, and phone number; the name of the person appointing the committee's campaign treasurer; and the name, address, and phone number of the committee's campaign treasurer.

EXPENDITURES

A filer must report any campaign expenditure (regardless of whether it is made from political contributions or from personal funds) and any political expenditure (campaign or officeholder) from political contributions (regardless of whether the expenditure is a political expenditure). A filer must also report unpaid incurred obligations. *See* "Unpaid Incurred Obligations" in this guide. If the total expenditures to a particular payee do not exceed $220 during the reporting period, a filer may report those expenditures as part of a lump sum. Otherwise, a filer must report the date of an expenditure, the name and address of the person to whom the expenditure is made, and the purpose of the expenditure.

UNPAID INCURRED OBLIGATIONS

An expenditure that is not paid during the reporting period in which the obligation to pay the expenditure is incurred shall be reported on the Unpaid Incurred Obligations Schedule for the reporting period in which the obligation to pay is incurred.

The use of political contributions to pay an expenditure previously disclosed on an Unpaid Incurred Obligations Schedule shall be reported on the appropriate disbursements schedule for the reporting period in which the payment is made.

The use of personal funds to pay an expenditure previously disclosed on an Unpaid Incurred Obligations Schedule shall be reported on the Political Expenditure Made from Personal Funds Schedule for the reporting period in which the payment is made.

EXPENDITURES MADE BY CREDIT CARD

An expenditure made by a credit card must be reported on the Expenditures Made to Credit Card Schedule for the reporting period in which the expenditure is made. The report must identify the vendor who receives the payment from the credit card company.

The use of political contributions to make a payment to a credit card company must be reported on the appropriate disbursements schedule for the reporting period in which the payment is made and identify the credit card company receiving the payment.

The use of personal funds to make a payment to a credit card company must be reported on the Political Expenditure Made from Personal Funds Schedule for the reporting period in which the payment is made and identify the credit card company receiving the payment.

CAMPAIGN EXPENDITURES FROM PERSONAL FUNDS

A candidate must report all campaign expenditures, whether made from political contributions or from personal funds. In order to use political contributions to reimburse himself or herself for campaign expenditures from personal funds, the candidate must properly report the expenditures either on the reporting schedule for loans or on the reporting schedule for political expenditures from personal funds. If the candidate does not indicate the intention to seek reimbursement on that report, he or she may not later correct the report to permit reimbursement.

If a candidate or officeholder deposits personal funds in an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code, the deposited

amount must be reported as a loan on Schedule E. Political expenditures made from that loan, and any subsequent expenditures to reimburse the candidate or officeholder, must be reported on Schedule F1. The reimbursement may not exceed the amount reported as a loan. Any unexpended funds from such a loan are required to be included in the total amount of political contributions maintained as of the last day of the reporting period. Note: Personal funds deposited in an account in which political contributions are held are subject to the personal use restrictions.

OFFICEHOLDER EXPENDITURES FROM PERSONAL FUNDS

An officeholder is not required to report *officeholder expenditures* made from personal funds unless he or she intends to be reimbursed from political contributions. This rule applies regardless of whether an officeholder has an appointment of campaign treasurer on file.

In order for an officeholder to use political contributions to reimburse an officeholder expenditure from personal funds, the officeholder must properly report the expenditures either on the reporting schedule for loans or on the reporting schedule for political expenditures from personal funds. If the officeholder does not indicate the intention to seek reimbursement, he or she may not later correct the report to permit reimbursement.

If a candidate or officeholder deposits personal funds in an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code, the deposited amount must be reported as a loan on Schedule E. Political expenditures made from that loan, and any subsequent expenditures to reimburse the candidate or officeholder, must be reported on Schedule F1. The reimbursement may not exceed the amount reported as a loan. Any unexpended funds from such a loan are required to be included in the total amount of political contributions maintained as of the last day of the reporting period. Note: Personal funds deposited in an account in which political contributions are held are subject to the personal use restrictions.

DIRECT EXPENDITURES

A direct campaign expenditure is “a campaign expenditure that does not constitute a campaign contribution by the person making the expenditure.” As a practical matter, a direct campaign expenditure is an expenditure to support a candidate incurred without the candidate’s prior consent or approval.

If a candidate or officeholder makes a direct campaign expenditure to support *another* candidate or officeholder, the expenditure must be included on the reporting schedule for political expenditures, and the report must indicate that the expenditure was a direct campaign expenditure.

SUPPORTING POLITICAL COMMITTEES

A political committee that accepts political contributions or makes political contributions on behalf of a candidate or officeholder is required to give the candidate or officeholder notice of that fact. The candidate or officeholder must report the receipt of such a notice on the report covering the period in which he or she receives the notice.

PAYMENTS TO A BUSINESS OF THE CANDIDATE OR OFFICEHOLDER

A candidate or officeholder is required to report payments from political funds to a business in which the candidate or officeholder has a participating interest of more than 10 percent; a position on the governing body of the business; *or* a position as an officer of a business.

A candidate or officeholder may not make a payment to such a business if the payment is for personal services rendered by the candidate or officeholder or by the spouse or dependent child of the candidate or officeholder. (Nor may a candidate or officeholder use political contributions to pay directly for such personal services.) Other payments to such a business are permissible only if the payment does not exceed the amount necessary to reimburse the business for actual expenditures made by the business. *See generally* Op. Tex. Ethics Comm'n No. 35 (1992).

A candidate or officeholder may not make or authorize a payment from political funds for the rental or purchase of real property from such a business. *See* "Use of Political Funds to Rent or Purchase Real Property" in this guide.

INTEREST EARNED AND OTHER CREDITS/GAINS/REFUNDS

A candidate or officeholder is required to disclose information regarding the following types of activity from political contributions:

- any credit, interest, rebate, refund, reimbursement, or return of a deposit fee resulting from the use of a political contribution or an asset purchased with a political contribution, the amount of which exceeds $140;

- any proceeds of the sale of an asset purchased with a political contribution, the amount of which exceeds $140; and

- any other gain from a political contribution, the amount of which exceeds $140.

A candidate or officeholder must use Schedule K to report such information. Although you are not required to do so, you may also report any credit/gain/refund or interest that does not exceed $140 in the period on this schedule. (Previously, this was an optional schedule because a candidate or officeholder was not required to report this information.) A candidate or officeholder may not use interest and other income from political contributions for personal purposes. Political expenditures made from such income must be reported on the expenditures schedule.

PURCHASE OF INVESTMENTS

A candidate or officeholder must report any investment purchased with a political contribution, the amount of which exceeds $140. This information must be disclosed on Schedule F3 of the campaign finance report.

TOTAL POLITICAL CONTRIBUTIONS MAINTAINED

The law requires you to disclose the total amount of political contributions accepted, including interest or other income on those contributions, maintained in one or more accounts in which

political contributions are deposited as of the last day of the reporting period. The "total amount of political contributions maintained" includes: the total amount of political contributions maintained in one or more accounts, including the balance on deposit in banks, savings and loan institutions and other depository institutions; the present value of any investments that can be readily converted to cash, such as certificates of deposit, money market accounts, stocks, bonds, treasury bills, etc.; and the balance of political contributions accepted and held in any online fundraising account over which the filer can exercise control by making a withdrawal, expenditure, or transfer. 1 Tex. Admin. Code § 20.50.

The total amount of political contributions maintained does NOT include personal funds that the filer intends to use for political expenditures, *unless* the personal funds have been disclosed as a loan to your campaign and deposited into an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code. Any unexpended funds from such a loan are required to be included in the total amount of political contributions maintained as of the last day of the reporting period. Note: Personal funds deposited in an account in which political contributions are held are subject to the personal use restrictions.

TIME OF ACCEPTING CONTRIBUTION

A filer must report the date he or she *accepts* a political contribution. The date of receipt may be different from the date of acceptance. *See* "Accepting Contributions" in this guide.

TIME OF MAKING EXPENDITURE

For reporting purposes, an expenditure is made when the amount of the expenditure is readily determinable. An expenditure that is not paid during the reporting period in which the obligation to pay is incurred must be reported on the reporting schedule for "Unpaid Incurred Obligations," and then reported again on the appropriate expenditure schedule when payment is actually made. If a filer cannot determine the amount of an expenditure until a periodic bill, the date of the expenditure is the date the bill is received.

Credit Card Expenditures. For purposes of 30 day and 8 day pre-election reports, the date of an expenditure made by a credit card is the date of the purchase, not the date of the credit card bill. For purposes of other reports, the date of an expenditure made by a credit card is the date of receipt of the credit card statement that includes the expenditure. For additional information regarding how to report expenditures made by credit card, *see* "Expenditures Made by Credit Card" in this guide.

PREPARING REPORTS

FORMS

Reporting forms are available at *http://www.ethics.state.tx.us*. An individual who is both a candidate and an officeholder files one report for each reporting period and is not required to distinguish between campaign activity and officeholder activity.

SIGNATURE REQUIRED

The candidate or officeholder, not the campaign treasurer, must sign reports.

FILING DEADLINES

The next section of this guide explains the types of reports candidates and officeholders are required to file. Annual filing schedules are available at *http://www.ethics.state.tx.us*.

Note: Deadlines for filing reports for special elections or runoff elections will not be listed on the filing schedule. Call the Ethics Commission for specific information in these cases.

PERIODS COVERED BY REPORTS

Each report covers activity during a specific time period. Generally, a report begins where the last report ended. For a candidate's first report, the beginning date will be the date the campaign treasurer appointment was filed. For an officeholder who is appointed to an elective office and who did not have a campaign treasurer appointment on file at the time of the appointment, the beginning date for the first report will be the date the officeholder took office. Generally, there should not be gaps between the periods covered or overlapping time periods. See "Reports" below for information about filing deadlines and periods covered by reports.

DEADLINE ON WEEKEND OR HOLIDAY

If the due date for a report falls on a Saturday, Sunday, or legal holiday, the report is due on the next regular business day.

5 P.M. DEADLINE

The deadline for filing a report is 5 p.m. on the due date.

DELIVERY BY MAIL OR OTHER CARRIER

For most reporting deadlines, a document is considered timely filed if it is properly addressed with postage or handling charges prepaid and bears a postmark or receipt mark of a common or contract carrier indicating a time on or before the deadline.

Pre-Election Reports. A report due 30 days before an election and a report due 8 days before an election must be *received* by the appropriate filing authority no later than the report due date to be considered filed on time.

RETENTION OF RECORDS USED FOR REPORTS

A filer must keep records of all information used to prepare a report of contributions and expenditures, including, for example, receipts or ledgers of contributions and expenditures. A filer must maintain the records for two years after the deadline for the report.

REPORTS

SEMIANNUAL REPORTS

Generally, candidates and officeholders are required to file reports of contributions and expenditures by January 15 and July 15 of each year. The reports filed on these dates are known as semiannual reports. These reports must be filed even if there is no activity to report for the period covered.

However, there is an exception to this requirement for officeholders who file with a local filing authority, do not have a campaign treasurer appointment on file, and do not accept more than $1,110 in officeholder contributions or make more than $1,110 in officeholder expenditures during the period covered by the report.

REPORTS DUE 30 DAYS AND 8 DAYS BEFORE AN ELECTION

An *opposed* candidate in an upcoming election must file reports of contributions and expenditures 30 days and 8 days before the election. Each of these pre-election reports must be *received* by the appropriate filing authority no later than the report due date. (A person who has elected modified reporting and who remains eligible for modified reporting is not required to file these reports. *See* "Modified Reporting" in this guide.)

An opposed candidate is a candidate who has an opponent whose name is printed on the ballot. If a candidate's only opposition is a write-in candidate, that candidate is considered unopposed for filing purposes. (**Note:** A write-in candidate who accepts political contributions or makes political expenditures is subject to the reporting requirements discussed in this guide.)

The report that is due 30 days before the election covers the period that begins on the first day after the period covered by the last required report and ends the 40th day before the election. If this is a filer's first required report, the period covered by the report begins on the day the filer filed a campaign treasurer appointment.

The report that is due 8 days before the election covers the period that begins on the first day after the period covered by the last required report and ends on the 10th day before the election.

REPORT DUE 8 DAYS BEFORE A RUNOFF ELECTION

A candidate in a runoff must file a report 8 days before the runoff election. A runoff report must be *received* by the appropriate filing authority no later than the report due date. (A candidate who has elected modified reporting and who remains eligible for modified reporting is not required to file this report. *See* "Modified Reporting" below.)

This report covers a period that begins either the first day after the period covered by the last required report or the day the filer filed a campaign treasurer appointment (if this is the filer's first report of contributions and expenditures). The period covered by the runoff report ends the 10th day before the runoff election.

MODIFIED REPORTING

On the campaign treasurer appointment form, there is an option to choose modified reporting for the next election cycle. Modified reporting excuses an opposed candidate from filing reports 30 days and 8 days before an election and 8 days before a runoff. An opposed candidate is eligible for modified reporting only if the candidate does not intend to exceed either $1,110 in contributions or $1,110 in expenditures (excluding filing fees) in connection with an election.

If an opposed candidate selects modified reporting but exceeds a threshold before the 30th day before the election, the candidate must file reports 30 days and 8 days before the election.

If an opposed candidate selects modified reporting but exceeds the $1,110 threshold for contributions or expenditures after the 30th day before the election, the filer must file a report within 48 hours of exceeding the threshold. (The filer must meet this deadline even if it falls on a weekend or a holiday.) At that point, the filer is no longer eligible for modified reporting and must file according to the regular filing schedule.

A selection to file on the modified reporting schedule lasts for an entire election cycle. In other words, the selection is valid for a primary, a primary runoff, and a general election (as long as the candidate does not exceed one of the $1,110 thresholds). A candidate must submit an amended campaign treasurer appointment (FORM ACTA) to select modified reporting for a different election cycle.

"15TH DAY AFTER APPOINTMENT OF CAMPAIGN TREASURER BY AN OFFICEHOLDER" REPORT

An officeholder must file a report after filing a campaign treasurer appointment. (A report is not required after a *change* in campaign treasurers.) This report of contributions and expenditures is due no later than 15 days after the campaign treasurer appointment was filed. The report must cover the period that begins the day after the period covered by the last required report. The period ends on the day before the campaign treasurer appointment was filed. (**Note:** A person who is *appointed* to elective office may not have filed any previous reports. In that case, the beginning date for the report due 15 days after the campaign treasurer appointment is the date the officeholder took office.) The report is not required if the officeholder did not accept more than $1,110 in contributions or make more than $1,110 in expenditures by the end of the reporting period.

FINAL REPORT

See "Ending Filing Obligations" below.

ANNUAL REPORT OF UNEXPENDED CONTRIBUTIONS

See "Ending Filing Obligations" below.

FINAL DISPOSITION OF UNEXPENDED CONTRIBUTIONS REPORT

See "Ending Filing Obligations" below.

THINGS TO REMEMBER

- An officeholder must file semiannual reports for any period during which he or she is an officeholder. (There is an exception to this rule for officeholders who do not have a campaign treasurer appointment on file and who do not accept more than $1,110 in political contributions or make more than $1,110 in political expenditures during the period covered by the report.)

- An opposed candidate in an election must file reports of contributions and expenditures 30 days and 8 days before the election, unless the candidate has selected (and remains eligible for) modified reporting. An opposed candidate who has not selected modified reporting must also file a report 8 days before a runoff election. A report due 30 days before an election and a report due 8 days before an election must be received by the appropriate filing authority no later than the report due date.

- An unopposed candidate is not required to file reports 30 days before an election or 8 days before an election but is required to file semiannual reports.

- A candidate who selects modified reporting must file semiannual reports.

A filer who selects modified reporting for one election cycle will be required to file on the regular reporting schedule for the next election cycle unless the filer submits an amended campaign treasurer appointment selecting modified reporting for the next election cycle.

ENDING FILING OBLIGATIONS

FINAL REPORT

If a filer expects to accept no further political contributions and to make no further political expenditures and if the filer expects to take no further action to get elected to a public office, the filer may file a final report. Filing a final report terminates a filer's campaign treasurer appointment and relieves the filer from any additional filing obligations *as a candidate*. (Note: A candidate who does not have a campaign treasurer appointment on file may still be required to file a personal financial statement in accordance with Chapter 572 of the Government Code or Chapter 159 of the Local Government Code.) If the filer is an officeholder, the filer will still be subject to the filing requirements applicable to officeholders. A filer who is not an officeholder at the time of filing a final report *and* who has surplus political funds or assets will be required to file annual reports of unexpended contributions and a report of final disposition of unexpended contributions. *See* "Annual Report of Unexpended Contributions" and "Report of Final Disposition of Unexpended Contributions" below.

A filer who intends to continue accepting contributions to pay campaign debts should *not* terminate his or her campaign treasurer appointment. An individual must have a campaign treasurer appointment on file to accept contributions to offset campaign debts or to pay campaign debts.

Terminating a campaign treasurer appointment does not relieve a filer of responsibility for any delinquent reports or outstanding civil penalties.

ANNUAL REPORT OF UNEXPENDED CONTRIBUTIONS

The following individuals must file annual reports of unexpended contributions:

- a former officeholder who did not have a campaign treasurer appointment on file at the time of leaving office and who retained any of the following after filing his or her last report: political contributions, interest or other income from political contributions, or assets purchased with political contributions or interest or other income from political contributions.

- a former candidate (a person who previously had a campaign treasurer appointment on file) who was not an officeholder at the time of filing a final report and who retained any of the following at the time of filing a final report: political contributions, interest or other income from political contributions, or assets purchased with political contributions.

Annual reports are due not earlier than January 1 and not later than January 15 of each year. An annual report (FORM C/OH-UC) must contain the following information: (1) information about expenditures from or disposition of surplus funds or assets; (2) the amount of interest or other income earned on surplus funds during the previous year; and (3) the total amount of surplus funds and assets at the end of the previous year.

The obligation to file annual reports ends when the former candidate or officeholder files a report of final disposition of unexpended contributions.

REPORT OF FINAL DISPOSITION OF UNEXPENDED CONTRIBUTIONS

A former candidate or former officeholder who has disposed of all surplus funds and assets must file a report of final disposition of unexpended contributions. This report may be filed as soon as all funds have been disposed of.

A former candidate or former officeholder has six years from the date of filing a final report or leaving office (whichever is later) to dispose of surplus funds and assets. The latest possible date for filing a report of unexpended contributions is 30 days after the end of that six-year period.

At the end of the six-year period, a former candidate or officeholder *must* dispose of surplus assets or funds in one of the following ways:

- The former candidate or officeholder may give them to the political party with which he or she was affiliated when last on the ballot;

- The former candidate or officeholder may contribute them to a candidate or a political committee. (This triggers a requirement to file a report of the contribution.);

- The former candidate or officeholder may give them to the comptroller for deposit in the state treasury to be used to finance primary elections;

- The former candidate or officeholder may give them to one or more contributors, but the total returned to any person may not exceed the aggregate amount accepted from that person during the last two years during which the former candidate or officeholder accepted political contributions;

- The former candidate or officeholder may give them to certain charitable organizations; or

- The former candidate or officeholder may give them to a public or private post-secondary educational institution or an institution of higher education as defined by section 61.003(8), Education Code, for the purpose of assisting or creating a scholarship program.

THINGS TO REMEMBER

- Anyone who has an appointment of campaign treasurer on file must file periodic reports of campaign contributions and expenditures.

- An individual who expects no further reportable activity in connection with his or her candidacy, files a final report and thereby terminates his or her campaign treasurer appointment. (Note: A candidate who does not have a campaign treasurer appointment on file may still be required to file a personal financial statement in accordance with Chapter 572 of the Government Code or Chapter 159 of the Local Government Code.)

- An officeholder may be required to file semiannual reports even if he or she does not have a campaign treasurer appointment on file. A local officeholder who has not accepted more than $1,110 in contributions or made more than $1,110 in expenditures in a semiannual period since terminating his or her campaign treasurer appointment is not required to file a semiannual report for that period.

PENALTIES FOR REPORTING VIOLATIONS

Any citizen may file a criminal complaint with the district attorney, a civil complaint with the Ethics Commission, or a civil action against a candidate or officeholder for violations of Title 15. Any penalty stemming from such complaints would be assessed against *the candidate or officeholder*, not the campaign treasurer.

CAMPAIGN FINANCE RESTRICTIONS

Chapter 253 of the Election Code contains a number of restrictions regarding the acceptance and use of political contributions, including the following:

1. An individual may not accept a campaign contribution or make a campaign expenditure (including a campaign expenditure from personal funds) without a campaign treasurer appointment on file. Tex. Elec. Code § 253.031. An officeholder may accept officeholder contributions and make officeholder

expenditures regardless of whether he or she has a campaign treasurer appointment on file.

2. Political contributions from labor organizations and from most corporations are prohibited. Tex. Elec. Code § 253.091, *et seq.* Partnerships that include one or more corporate partners are subject to the prohibition.

3. Certain documentation must be obtained in order to accept contributions from an out-of-state political committee. Tex. Elec. Code § 253.032. *See* "Contributions from Out-of-State Political Committees" in this guide.

4. Cash contributions of more than $100 in the aggregate from one contributor in a reporting period are prohibited. (Here "cash" means coins and currency, not checks.) Tex. Elec. Code § 253.033.

5. The use of political contributions to purchase real property is prohibited. There is also a restriction on the use of political funds to rent or purchase real property from a person related to the candidate or officeholder within the second degree of consanguinity or affinity or from a business in which the candidate or officeholder or such a relative has a participating interest of more than 10 percent, holds a position on the governing body, or serves as an officer. Tex. Elec. Code § 253.038.

6. Texas law does not allow anonymous contributions. Also, reports must disclose the actual source of a contribution, not an intermediary. Tex. Elec. Code § 253.001.

7. Personal use of political contributions is prohibited. Tex. Elec. Code § 253.035.

8. A candidate or officeholder may not use political contributions to pay for personal services rendered by the candidate or officeholder or by the spouse, or dependent children of the candidate or officeholder. There are also restrictions of a candidate's or officeholder's use of political contributions to make payments to a business in which the candidate or officeholder holds a participating interest of more than 10 percent, a position on the governing body of the business, or a position as an officer of the business. *See* to Op. Tex. Ethics Comm'n No. 35 (1992) (regarding the combined effect of this prohibition and the prohibition on corporate contributions). Tex. Elec. Code § 253.041.

   There are restrictions on the use of political contributions to reimburse political expenditures from personal funds. See "Reimbursement for Political Expenditures from Personal Funds," in this guide.

9. A candidate, officeholder, or political committee may not accept political contributions in the Capitol, the Capitol Extension, or a courthouse. "Courthouse" means any building owned by the state, a county, or a municipality, or an office or part of a building leased to the state, a county, or a municipality, in which a justice or judge sits to conduct court proceedings. Tex. Elec. Code § 253.039.

10. A person required to register as a lobbyist is prohibited from making or authorizing a political contribution to another candidate, officeholder, or political committee, or

making or authorizing a direct campaign expenditure, from political contributions accepted by: (1) the lobbyist as a candidate or officeholder; (2) a specific-purpose committee that supports or assists the lobbyist as a candidate or officeholder; or (3) a political committee that accepted a political contribution from (1) or (2), described above, during the two years immediately before the contribution or expenditure was made. Tex. Elec. Code § 253.006.

11. A person who makes a political contribution to another candidate, officeholder, or political committee, or makes a direct campaign expenditure, from political contributions accepted by the person as a candidate or officeholder is prohibited from engaging in activities that require registration as a lobbyist for two years thereafter. This does not apply to a person who does not receive compensation other than reimbursement for actual expenses to lobby on behalf of a nonprofit organization, a group of low-income individuals, or a group of individuals with disabilities. Tex. Elec. Code § 253.007.

12. A registered lobbyist, or a person on behalf of the lobbyist and with the lobbyist's consent or ratification, is prohibited from making a reportable lobby expenditure from a political contribution accepted by: (1) the lobbyist as a candidate or officeholder; (2) a specific-purpose committee that supports or assists the lobbyist as a candidate or officeholder; or (3) a political committee that accepted a political contribution from (1) or (2), described above, during the two years immediately before the lobbyist made or authorized the expenditure. Tex. Gov't Code § 305.029.

13. Federal law generally prohibits the acceptance of contributions from foreign sources. Contact the Federal Election Commission for more detailed information.

CODE OF FAIR CAMPAIGN PRACTICES

FORM CFCP
COVER SHEET

Pursuant to chapter 258 of the Election Code, every candidate and political committee is encouraged to subscribe to the Code of Fair Campaign Practices. The Code may be filed with the proper filing authority upon submission of a campaign treasurer appointment form. Candidates or political committees that already have a current campaign treasurer appointment on file as of September 1, 1997, may subscribe to the code at any time.

Subscription to the Code of Fair Campaign Practices is voluntary.

OFFICE USE ONLY

Date Received

Date Hand-delivered or Postmarked

Date Processed

Date Imaged

1 ACCOUNT NUMBER
(Ethics Commission Filers)

2 TYPE OF FILER

CANDIDATE ☐

If filing as a candidate, complete boxes 3 - 6, then read and sign page 2.

POLITICAL COMMITTEE ☐

If filing for a political committee, complete boxes 7 and 8, then read and sign page 2.

3 NAME OF CANDIDATE
(PLEASE TYPE OR PRINT)

TITLE (Dr., Mr., Ms., etc.) FIRST MI

NICKNAME LAST SUFFIX (SR., JR., III, etc.)

4 TELEPHONE NUMBER OF CANDIDATE
(PLEASE TYPE OR PRINT)

AREA CODE PHONE NUMBER EXTENSION

( )

5 ADDRESS OF CANDIDATE
(PLEASE TYPE OR PRINT)

STREET / PO BOX; APT / SUITE #; CITY; STATE; ZIP CODE

6 OFFICE SOUGHT BY CANDIDATE
(PLEASE TYPE OR PRINT)

7 NAME OF COMMITTEE
(PLEASE TYPE OR PRINT)

8 NAME OF CAMPAIGN TREASURER
(PLEASE TYPE OR PRINT)

TITLE (Dr., Mr., Ms., etc.) FIRST MI

NICKNAME LAST SUFFIX (SR., JR., III, etc.)

GO TO PAGE 2

CODE OF FAIR CAMPAIGN PRACTICES

There are basic principles of decency, honesty, and fair play that every candidate and political committee in this state has a moral obligation to observe and uphold, in order that, after vigorously contested but fairly conducted campaigns, our citizens may exercise their constitutional rights to a free and untrammeled choice and the will of the people may be fully and clearly expressed on the issues.

THEREFORE:

(1) I will conduct the campaign openly and publicly and limit attacks on my opponent to legitimate challenges to my opponent's record and stated positions on issues.

(2) I will not use or permit the use of character defamation, whispering campaigns, libel, slander, or scurrilous attacks on any candidate or the candidate's personal or family life.

(3) I will not use or permit any appeal to negative prejudice based on race, sex, religion, or national origin.

(4) I will not use campaign material of any sort that misrepresents, distorts, or otherwise falsifies the facts, nor will I use malicious or unfounded accusations that aim at creating or exploiting doubts, without justification, as to the personal integrity or patriotism of my opponent.

(5) I will not undertake or condone any dishonest or unethical practice that tends to corrupt or undermine our system of free elections or that hampers or prevents the full and free expression of the will of the voters, including any activity aimed at intimidating voters or discouraging them from voting.

(6) I will defend and uphold the right of every qualified voter to full and equal participation in the electoral process, and will not engage in any activity aimed at intimidating voters or discouraging them from voting.

(7) I will immediately and publicly repudiate methods and tactics that may come from others that I have pledged not to use or condone. I shall take firm action against any subordinate who violates any provision of this code or the laws governing elections.

I, the undersigned, candidate for election to public office in the State of Texas or campaign treasurer of a political committee, hereby voluntarily endorse, subscribe to, and solemnly pledge myself to conduct the campaign in accordance with the above principles and practices.

_____ _____

Signature Date

TEXAS ETHICS COMMISSION

CHAPTER 258, ELECTION CODE

FAIR CAMPAIGN PRACTICES

Effective September 1, 1997 (Revised 9/1/2023)

Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711
www.ethics.state.tx.us
(512) 463-5800 • TDD (800) 735-2989
Promoting Public Confidence in Government

CHAPTER 258, ELECTION CODE

FAIR CAMPAIGN PRACTICES

TABLE OF CONTENTS

Chapter 258. Fair Campaign Practices 1
Sec. 258.001. Short Title 1
Sec. 258.002. Purpose 1
Sec. 258.003. Delivery Of Copy Of Code 1
Sec. 258.004. Text Of Code 1
Sec. 258.005. Forms 2
Sec. 258.006. Acceptance And Preservation Of Copies 2
Sec. 258.007. Subscription To Code Voluntary 2
Sec. 258.008. Indication On Political Advertising 3
Sec. 258.009. Civil Cause Of Action 3

ELECTION CODE

TITLE 15. REGULATING POLITICAL FUNDS AND CAMPAIGNS

CHAPTER 258. FAIR CAMPAIGN PRACTICES

Sec. 258.001. SHORT TITLE. This chapter may be cited as the Fair Campaign Practices Act.

Sec. 258.002. PURPOSE.

(a) The purpose of this chapter is to encourage every candidate and political committee to subscribe to the Code of Fair Campaign Practices.

(b) It is the intent of the legislature that every candidate and political committee that subscribes to the Code of Fair Campaign Practices will follow the basic principles of decency, honesty, and fair play to encourage healthy competition and open discussion of issues and candidate qualifications and to discourage practices that cloud the issues or unfairly attack opponents.

Sec. 258.003. DELIVERY OF COPY OF CODE.

(a) When a candidate or political committee files its campaign treasurer appointment, the authority with whom the appointment is filed shall give the candidate or political committee a blank form of the Code of Fair Campaign Practices and a copy of this chapter.

(b) The authority shall inform each candidate or political committee that the candidate or committee may subscribe to and file the code with the authority and that subscription to the code is voluntary.

Sec. 258.004. TEXT OF CODE. The Code of Fair Campaign Practices reads as follows:

CODE OF FAIR CAMPAIGN PRACTICES

There are basic principles of decency, honesty, and fair play that every candidate and political committee in this state has a moral obligation to observe and uphold, in order that, after vigorously contested but fairly conducted campaigns, our citizens may exercise their constitutional rights to a free and untrammeled choice and the will of the people may be fully and clearly expressed on the issues.

THEREFORE:

(1) I will conduct the campaign openly and publicly and limit attacks on my opponent to legitimate challenges to my opponent's record and stated positions on issues.

(2) I will not use or permit the use of character defamation, whispering campaigns, libel, slander, or scurrilous attacks on any candidate or the candidate's personal or family life.

(3) I will not use or permit any appeal to negative prejudice based on race, sex, religion, or national origin.

(4) I will not use campaign material of any sort that misrepresents, distorts, or otherwise falsifies the facts, nor will I use malicious or unfounded accusations that aim at creating or exploiting doubts, without justification, as to the personal integrity or patriotism of my opponent.

(5) I will not undertake or condone any dishonest or unethical practice that tends to corrupt or undermine our system of free elections or that hampers or prevents the full and free expression of the will of the voters, including any activity aimed at intimidating voters or discouraging them from voting.

(6) I will defend and uphold the right of every qualified voter to full and equal participation in the electoral process, and will not engage in any activity aimed at intimidating voters or discouraging them from voting.

(7) I will immediately and publicly repudiate methods and tactics that may come from others that I have pledged not to use or condone. I shall take firm action against any subordinate who violates any provision of this code or the laws governing elections.

I, the undersigned, candidate for election to public office in the State of Texas or campaign treasurer of a political committee, hereby voluntarily endorse, subscribe to, and solemnly pledge myself to conduct the campaign in accordance with the above principles and practices.

VOID – COPY ONLY - VOID[1]

_____ _____

Date Signature

Sec. 258.005. FORMS. The commission shall print copies of the Code of Fair Campaign Practices and shall supply the forms to the authorities with whom copies of the code may be filed in quantities and at times requested by the authorities.

Sec. 258.006. ACCEPTANCE AND PRESERVATION OF COPIES.

(a) An authority with whom a campaign treasurer appointment is filed shall accept each completed copy of the code submitted to the authority that is properly subscribed to by a candidate or the campaign treasurer of a political committee.

(b) Each copy of the code accepted under this section shall be preserved by the authority with whom it is filed for the period prescribed for the filer's campaign treasurer appointment.

Sec. 258.007. SUBSCRIPTION TO CODE VOLUNTARY. The subscription to the Code of Fair Campaign Practices by a candidate or a political committee is voluntary.

[1] This document is a copy of chapter 258, Election Code. To subscribe to the Code of Fair Campaign Practices, a candidate or campaign treasurer of a political committee must submit Texas Ethics Commission FORM CFCP, not a signed copy of this document.

Sec. 258.008. INDICATION ON POLITICAL ADVERTISING. A candidate or a political committee that has filed a copy of the Code of Fair Campaign Practices may so indicate on political advertising in a form to be determined by the commission.

Sec. 258.009. CIVIL CAUSE OF ACTION. This chapter does not create a civil cause of action for recovery of damages or for enforcement of this chapter.

POLITICAL ADVERTISING
What You Need to Know



The Texas Election Code requires certain disclosures and notices on political advertising. The law also prohibits certain types of misrepresentation in political advertising and campaign communications. This brochure explains what you need to know to insure that your political advertising and campaign communications comply with the law.

If you are not sure what the law requires, do the cautious thing. Use the political advertising disclosure statement whenever you think it might be necessary, and do not use any possibly misleading information in political advertising or a campaign communication. If you are using political advertising or campaign communications from a prior campaign, you should check to see if the law has changed since that campaign.

Candidates for federal office should check with the Federal Election Commission at (800) 424-9530 for information on federal political advertising laws.

> **NOTICE:** This guide is intended only as a general overview of the disclosure statements that must appear on political advertising as required under Chapter 255 of the Election Code, which is distinct from political reporting requirements under Chapter 254 of the Election Code.

Texas Ethics Commission
P.O. Box 12070
Austin, Texas 78711-2070

(512) 463-5800

TDD (800) 735-2989

Visit us at *www.ethics.state.tx.us*.

Revised July 16, 2019

REQUIRED DISCLOSURE ON POLITICAL ADVERTISING

I. What Is Political Advertising?

The disclosure statement and notice requirements discussed in this section apply to "political advertising." In the law, "political advertising" is a specifically defined term. Do not confuse this special term with your own common-sense understanding of advertising.

To figure out if a communication is political advertising, you must look at what it says and where it appears. If a communication fits in one of the categories listed in Part A (below) and if it fits in one of the categories listed in Part B (below), it is political advertising.

Part A. What Does It Say?

1. Political advertising includes communications supporting or opposing a candidate for nomination or election to either a public office or an office of a political party (including county and precinct chairs).

2. Political advertising includes communications supporting or opposing an officeholder, a political party, or a measure (a ballot proposition).

Part B. Where Does It Appear?

1. Political advertising includes communications that appear in pamphlets, circulars, fliers, billboards or other signs, bumper stickers, or similar forms of written communication.

2. Political advertising includes communications that are published in newspapers, magazines, or other periodicals in return for consideration.

3. Political advertising includes communications that are broadcast by radio or television in return for consideration.

4. Political advertising includes communications that appear on an Internet website.

II. When Is a Disclosure Statement Required?

The law provides that political advertising that contains express advocacy is required to include a disclosure statement. The person who causes the political advertising to be published, distributed, or broadcast is responsible for including the disclosure statement.

The law does not define the term "express advocacy." However, the law does provide that political advertising is deemed to contain express advocacy if it is authorized by a candidate, an agent of a candidate, or a political committee filing campaign finance reports. Therefore, a disclosure statement is required any time a candidate, a candidate's agent, or a political committee authorizes political advertising.

The precise language of political advertising authorized by someone other than a candidate, the candidate's agent, or a political committee will determine if the advertising contains express advocacy and is therefore required to include a disclosure statement. Generally, the question is whether the communication expressly advocates the election or defeat of an identified candidate, or expressly advocates the passage or defeat of a measure, such as a bond election. The inclusion of words such as "vote for," "elect," "support," "defeat," "reject," or "Smith for Senate" would clearly constitute express advocacy, but express advocacy is not limited to communications that use those words. Similar phrases, such as "Cast your ballot for X," would also constitute express advocacy. Additionally, in 2007, the United States Supreme Court held that an advertisement included express advocacy or its functional equivalent "if the ad is susceptible to no reasonable interpretation other than as an appeal to vote for or against a specific candidate." FEC v. Wis. Right to Life, Inc., 551 U.S. 449 (2007). It is a question of fact whether a particular communication constitutes express advocacy. If you are not sure whether political advertising contains express advocacy, do the cautious thing and include the disclosure statement. That way, there is no need to worry about whether you have violated the law.

Remember: The concept of "express advocacy" is relevant in determining whether political advertising is required to include a disclosure statement. However, the political advertising laws governing the right-of-way notice, misrepresentation, and use of public funds by political subdivisions will apply to political advertising regardless of whether the advertising contains express advocacy.

III. What Should the Disclosure Statement Say?

A disclosure statement must include the following:

1. the words "political advertising" or a recognizable abbreviation such as "pol. adv."; and

2. the full name of one of the following: (a) the person who paid for the political advertising; (b) the political committee authorizing the political advertising; or (c) the candidate or specific-purpose committee supporting the candidate, if the political advertising is authorized by the candidate.

The disclosure statement must appear on the face of the political advertising or be clearly spoken if the political advertising is audio only and does not include written text.

The advertising should not be attributed to entities such as "Committee to Elect John Doe" unless a specific-purpose committee named "Committee to Elect John Doe" has filed a campaign treasurer appointment with the Ethics Commission or a local filing authority.

IV. Are There Any Exceptions to the Disclosure Statement Requirement?

The following types of political advertising do not need the disclosure statement:

1. t-shirts, balloons, buttons, emery boards, hats, lapel stickers, small magnets, pencils, pens, pins, wooden nickels, candy wrappers, and similar materials;

2. invitations or tickets to political fundraising events or to events held to establish support for a candidate or officeholder;

3. an envelope that is used to transmit political advertising, provided that the political advertising in the envelope includes the disclosure statement;

4. circulars or fliers that cost in the aggregate less than $500 to publish and distribute;

5. political advertising printed on letterhead stationery, if the letterhead includes the name of one of the following: (a) the person who paid for the advertising, (b) the political committee authorizing the advertising, or, (c) the candidate or specific-purpose committee supporting the candidate, if the political advertising is authorized by the candidate. (Note: There is also an exception for holiday greeting cards sent by an officeholder, provided that the officeholder's name and address appear on the card or the envelope.)

6. postings or re-postings on an Internet website if the person posting or re-posting is not an officeholder, candidate, or political committee and did not make an expenditure exceeding $100 in a reporting period for political advertising beyond the basic cost of hardware messaging software and bandwidth;

7. an Internet social media profile webpage of a candidate or officeholder, if the webpage clearly and conspicuously displays the full name of the candidate or officeholder; and

8. postings or re-postings on an Internet website if the advertising is posted with a link to a publicly viewable Internet webpage that either contains the disclosure statement or is an Internet social media profile webpage of a candidate or officeholder that clearly and conspicuously displays the candidate's or officeholder's full name.

V. What Should I Do If I Discover That My Political Advertising Does Not Contain a Disclosure Statement?

The law prohibits a person from using, causing or permitting to be used, or continuing to use political advertising containing express advocacy if the person knows it does not include the disclosure statement. A person is presumed to know that the use is prohibited if the Texas Ethics Commission notifies the person in writing that the use is prohibited. If you receive notice from the Texas Ethics Commission that your political advertising does not comply with the law, you should stop using it immediately.

If you learn that a political advertising sign designed to be seen from the road does not contain a disclosure statement or contains an inaccurate disclosure statement, you should make a good faith attempt to remove or correct those signs that have been distributed. You are not required to attempt to recover other types of political advertising that have been distributed with a missing or inaccurate disclosure statement.

VI. The Fair Campaign Practices Act.

The Fair Campaign Practices Act sets out basic rules of decency, honesty, and fair play to be followed by candidates and political committees during a campaign. A candidate or political committee may choose to subscribe to the voluntary code by signing a copy of the code and filing it with the authority with whom the candidate or committee is required to file its campaign

treasurer appointment. A person subscribing to the code may indicate that fact on political advertising by including the following or a substantially similar statement:

> **(Name of the candidate or political committee, as appropriate) subscribes to the Code of Fair Campaign Practices.**

VII. Special Notice to Political Subdivisions and School Districts.

You may not use public funds or resources for political advertising. Please see our "Publications and Guides" section of our website for more information.

ROAD SIGNS

I. When Is the "Right-Of-Way" Notice Required?

All written political advertising that is meant to be seen from a road must carry a "right-of-way" notice. It is a criminal offense to omit the "right-of-way" notice in the following circumstances:

1. if you enter into a contract or agreement to print or make written political advertising meant to be seen from a road; or

2. if you instruct another person to place the written political advertising meant to be seen from a road.

II. What Should the "Right-Of-Way" Notice Say?

Section 259.001 of the Texas Election Code prescribes the exact language of the notice:

> **NOTICE: IT IS A VIOLATION OF STATE LAW (CHAPTERS 392 AND 393, TRANSPORTATION CODE) TO PLACE THIS SIGN IN THE RIGHT-OF-WAY OF A HIGHWAY.**

III. Do Yard Signs Have to Have the "Right-Of-Way" Notice?

Yes. The "right-of-way" notice requirement applies to signs meant to be seen from any road. The notice requirement assures that a person responsible for placing signs is aware of the restriction on placing the sign in the right-of-way of a highway.

IV. What About Bumper Stickers?

Bumper stickers do not need the "right-of-way" notice. They do, however, need a political advertising disclosure statement.

V. Where May I Place My Signs and How Long May Signs Be Posted?

For information about exactly where you may or may not place signs, or for information regarding the length of time your signs may be posted, check with your city or county government or your homeowner's association. The Texas Ethics Commission does not have

jurisdiction over matters involving the location of signs, and the length of time that they may be posted.

MISREPRESENTATION

I. Are There Restrictions on the Contents of Political Advertising?

Political advertising and campaign communications may not misrepresent a person's identity or official title, nor may they misrepresent the true source of the advertising or communication. The election law does not address other types of misrepresentation in political advertising or campaign communications.

Note that the misrepresentation rules apply to both political advertising and campaign communications. "Campaign communication" is a broader term than "political advertising."

A "campaign communication" means "a written or oral communication relating to a campaign for nomination or election to public office or office of a political party or to a campaign on a measure."

II. Misrepresentation of Office Title.

A candidate may not represent that he or she holds an office that he or she does not hold at the time of the representation. **If you are not the incumbent in the office you are seeking, you must make it clear that you are seeking election rather than reelection by using the word "for" to clarify that you don't hold that office.** The word "for" must be at least one-half the type size as the name of the office and should appear immediately before the name of the office. For example, a non-incumbent may use the following formats:

Vote John Doe for Attorney General	**John Doe For Attorney General**

A non-incumbent may not be allowed to use the following verbiage:

Elect John Doe Attorney General	**John Doe Attorney General**

III. Misrepresentation of Identity or Source.

A person violates the law if, with intent to injure a candidate or influence the result of an election, the person misrepresents the source of political advertising or a campaign communication or if the person misrepresents his or her own identity or the identity of his or her agent in political advertising or in a campaign communication. (If someone else is doing something for you, that person is your agent.) For example, you may not take out an ad in favor of your opponent that purports to be sponsored by a notoriously unpopular group.

IV. Use of State Seal.

Only current officeholders may use the state seal in political advertising.

V. Criminal Offenses.

Be aware that many violations of the Election Code are criminal offenses. For example, unlawfully using public funds for political advertising can be a Class A misdemeanor. So can misrepresenting one's identity or office title in political advertising. For more details on these offenses and political advertising in general, see Chapter 255 of the Election Code.

CANDIDATE / OFFICEHOLDER CAMPAIGN FINANCE REPORT

FORM C/OH
COVER SHEET PG 1

The C/OH Instruction Guide explains how to complete this form.

1 Filer ID (Ethics Commission Filers)

2 Total pages filed:

3 CANDIDATE / OFFICEHOLDER NAME

MS / MRS / MR | FIRST | MI

NICKNAME | LAST | SUFFIX

4 CANDIDATE / OFFICEHOLDER MAILING ADDRESS

☐ Change of Address

ADDRESS / PO BOX; | APT / SUITE #; | CITY; | STATE; | ZIP CODE

5 CANDIDATE/ OFFICEHOLDER PHONE

AREA CODE | PHONE NUMBER | EXTENSION

( )

6 CAMPAIGN TREASURER NAME

MS / MRS / MR | FIRST | MI

NICKNAME | LAST | SUFFIX

7 CAMPAIGN TREASURER ADDRESS

(Residence or Business)

STREET ADDRESS (NO PO BOX PLEASE); | APT / SUITE #; | CITY; | STATE; | ZIP CODE

8 CAMPAIGN TREASURER PHONE

AREA CODE | PHONE NUMBER | EXTENSION

( )

OFFICE USE ONLY

Date Received

Date Hand-delivered or Date Postmarked

Receipt # | Amount $

Date Processed

Date Imaged

9 REPORT TYPE

☐ January 15
☐ July 15
☐ 30th day before election
☐ 8th day before election
☐ Runoff
☐ Exceeded Modified Reporting Limit
☐ 15th day after campaign treasurer appointment (Officeholder Only)
☐ Final Report (Attach C/OH - FR)

10 PERIOD COVERED

Month / Day / Year THROUGH Month / Day / Year

11 ELECTION

ELECTION DATE

Month / Day / Year

ELECTION TYPE

☐ Primary ☐ Runoff ☐ Other Description
☐ General ☐ Special

12 OFFICE

OFFICE HELD (if any)

13 OFFICE SOUGHT (if known)

14 NOTICE FROM POLITICAL COMMITTEE(S)

☐ Additional Pages

THIS BOX IS FOR NOTICE OF POLITICAL CONTRIBUTIONS ACCEPTED OR POLITICAL EXPENDITURES MADE BY POLITICAL COMMITTEES TO SUPPORT THE CANDIDATE / OFFICEHOLDER. ***THESE EXPENDITURES MAY HAVE BEEN MADE WITHOUT THE CANDIDATE'S OR OFFICEHOLDER'S KNOWLEDGE OR CONSENT.*** **CANDIDATES AND OFFICEHOLDERS ARE REQUIRED TO REPORT THIS INFORMATION ONLY IF THEY RECEIVE NOTICE OF SUCH EXPENDITURES.**

COMMITTEE TYPE

☐ GENERAL
☐ SPECIFIC

COMMITTEE NAME

COMMITTEE ADDRESS

COMMITTEE CAMPAIGN TREASURER NAME

COMMITTEE CAMPAIGN TREASURER ADDRESS

GO TO PAGE 2

CANDIDATE / OFFICEHOLDER CAMPAIGN FINANCE REPORT

FORM C/OH
COVER SHEET PG 2

15 C/OH NAME	**16** Filer ID (Ethics Commission Filers)

17 CONTRIBUTION TOTALS	1.	TOTAL UNITEMIZED POLITICAL CONTRIBUTIONS (OTHER THAN PLEDGES, LOANS, OR GUARANTEES OF LOANS, OR CONTRIBUTIONS MADE ELECTRONICALLY)	$
	2.	**TOTAL POLITICAL CONTRIBUTIONS** (OTHER THAN PLEDGES, LOANS, OR GUARANTEES OF LOANS)	$
EXPENDITURE TOTALS	3.	TOTAL UNITEMIZED POLITICAL EXPENDITURE.	$
	4.	**TOTAL POLITICAL EXPENDITURES**	$
CONTRIBUTION BALANCE	5.	TOTAL POLITICAL CONTRIBUTIONS MAINTAINED AS OF THE LAST DAY OF REPORTING PERIOD	$
OUTSTANDING LOAN TOTALS	6.	TOTAL PRINCIPAL AMOUNT OF ALL OUTSTANDING LOANS AS OF THE LAST DAY OF THE REPORTING PERIOD	$

18 SIGNATURE I swear, or affirm, under penalty of perjury, that the accompanying report is true and correct and includes all information required to be reported by me under Title 15, Election Code.

_____
Signature of Candidate or Officeholder

Please complete either option below:

(1) Affidavit

NOTARY STAMP / SEAL

Sworn to and subscribed before me by _____ this the _____ day of _____, 20 _____, to certify which, witness my hand and seal of office.

_____
Signature of officer administering oath | Printed name of officer administering oath | Title of officer administering oath

OR

(2) Unsworn Declaration

My name is _____, and my date of birth is _____.

My address is _____, _____, _____, _____, _____.
(street) (city) (state) (zip code) (country)

Executed in _____ County, State of _____ , on the _____ day of _____, 20_____.
(month) (year)

_____
Signature of Candidate/Officeholder (Declarant)

SUBTOTALS - C/OH

FORM C/OH
COVER SHEET PG 3

19 FILER NAME	**20** Filer ID (Ethics Commission Filers)

21 SCHEDULE SUBTOTALS NAME OF SCHEDULE		SUBTOTAL AMOUNT
1.	☐ SCHEDULE A1: MONETARY POLITICAL CONTRIBUTIONS	$
2.	☐ SCHEDULE A2: NON-MONETARY (IN-KIND) POLITICAL CONTRIBUTIONS	$
3.	☐ SCHEDULE B: PLEDGED CONTRIBUTIONS	$
4.	☐ SCHEDULE E: LOANS	$
5.	☐ SCHEDULE F1: POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS	$
6.	☐ SCHEDULE F2: UNPAID INCURRED OBLIGATIONS	$
7.	☐ SCHEDULE F3: PURCHASE OF INVESTMENTS MADE FROM POLITICAL CONTRIBUTIONS	$
8.	☐ SCHEDULE F4: EXPENDITURES MADE BY CREDIT CARD	$
9.	☐ SCHEDULE G: POLITICAL EXPENDITURES MADE FROM PERSONAL FUNDS	$
10.	☐ SCHEDULE H: PAYMENT MADE FROM POLITICAL CONTRIBUTIONS TO A BUSINESS OF C/OH	$
11.	☐ SCHEDULE I: NON-POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS	$
12.	☐ SCHEDULE K: INTEREST, CREDITS, GAINS, REFUNDS, AND CONTRIBUTIONS RETURNED TO FILER	$

MONETARY POLITICAL CONTRIBUTIONS

SCHEDULE A1

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.

1 Total pages Schedule A1:

2 FILER NAME

3 Filer ID (Ethics Commission Filers)

4 Date

5 Full name of contributor ☐ out-of-state PAC (ID#:_____)

6 Contributor address; City; State; Zip Code

7 Amount of contribution ($)

8 Principal occupation / Job title (See Instructions)

9 Employer (See Instructions)

Date

Full name of contributor ☐ out-of-state PAC (ID#:_____)

Contributor address; City; State; Zip Code

Amount of contribution ($)

Principal occupation / Job title (See Instructions)

Employer (See Instructions)

Date

Full name of contributor ☐ out-of-state PAC (ID#:_____)

Contributor address; City; State; Zip Code

Amount of contribution ($)

Principal occupation / Job title (See Instructions)

Employer (See Instructions)

Date

Full name of contributor ☐ out-of-state PAC (ID#:_____)

Contributor address; City; State; Zip Code

Amount of contribution ($)

Principal occupation / Job title (See Instructions)

Employer (See Instructions)

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

If contributor is out-of-state PAC, please see Instruction guide for additional reporting requirements.

NON-MONETARY (IN-KIND) POLITICAL CONTRIBUTIONS

SCHEDULE A2

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.	**1** Total pages Schedule A2:
2 FILER NAME	**3** Filer ID (Ethics Commission Filers)
4 TOTAL OF UNITEMIZED IN-KIND POLITICAL CONTRIBUTIONS	$

5 Date	**6** Full name of contributor ☐ out-of-state PAC (ID#:_____) **7** Contributor address; City; State; Zip Code	**8** Amount of Contribution $	**9** In-kind contribution description ☐ Check if travel outside of Texas. Complete Schedule T.

10 Principal occupation / Job title (FOR NON-JUDICIAL) (See Instructions)	**11** Employer (FOR NON-JUDICIAL) (See Instructions)
12 Contributor's principal occupation (FOR JUDICIAL)	**13** Contributor's job title (FOR JUDICIAL) (See Instructions)
14 Contributor's employer/law firm (FOR JUDICIAL)	**15** Law firm of contributor's spouse (if any) (FOR JUDICIAL)
16 If contributor is a child, law firm of parent(s) (if any) (FOR JUDICIAL)	

Date	Full name of contributor ☐ out-of-state PAC (ID#:_____) Contributor address; City; State; Zip Code	Amount of Contribution $	In-kind contribution description ☐ Check if travel outside of Texas. Complete Schedule T.

Principal occupation / Job title (FOR NON-JUDICIAL) (See Instructions)	Employer (FOR NON-JUDICIAL) (See Instructions)
Contributor's principal occupation (FOR JUDICIAL)	Contributor's job title (FOR JUDICIAL) (See Instructions)
Contributor's employer/law firm (FOR JUDICIAL)	Law firm of contributor's spouse (if any) (FOR JUDICIAL)
If contributor is a child, law firm of parent(s) (if any) (FOR JUDICIAL)	

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

If contributor is out-of-state PAC, please see Instruction guide for additional reporting requirements.

PLEDGED CONTRIBUTIONS

SCHEDULE B

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.	**1** Total pages Schedule B:
2 FILER NAME	**3** Filer ID (Ethics Commission Filers)
4 TOTAL OF UNITEMIZED PLEDGES	$

5 Date	**6** Full name of pledgor ☐ out-of-state PAC (ID#:_____)	**8** Amount of Pledge $	**9** In-kind contribution description
	7 Pledgor address; City; State; Zip Code	☐ Check if travel outside of Texas. Complete Schedule T.	
10 Principal occupation / Job title (See Instructions)		**11** Employer (See Instructions)	

Date	Full name of pledgor ☐ out-of-state PAC (ID#:_____)	Amount of Pledge $	In-kind contribution description
	Pledgor address; City; State; Zip Code	☐ Check if travel outside of Texas. Complete Schedule T.	
Principal occupation / Job title (See Instructions)		Employer (See Instructions)	

Date	Full name of pledgor ☐ out-of-state PAC (ID#:_____)	Amount of Pledge $	In-kind contribution description
	Pledgor address; City; State; Zip Code	☐ Check if travel outside of Texas. Complete Schedule T.	
Principal occupation / Job title (See Instructions)		Employer (See Instructions)	

Date	Full name of pledgor ☐ out-of-state PAC (ID#:_____)	Amount of Pledge $	In-kind contribution description
	Pledgor address; City; State; Zip Code	☐ Check if travel outside of Texas. Complete Schedule T.	
Principal occupation / Job title (See Instructions)		Employer (See Instructions)	

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

If contributor is out-of-state PAC, please see Instruction guide for additional reporting requirements.

LOANS

SCHEDULE E

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.

1 Total pages Schedule E:

2 FILER NAME

3 Filer ID (Ethics Commission Filers)

4 TOTAL OF UNITEMIZED LOANS $

5 Date of loan

7 Name of lender ☐ out-of-state PAC (ID#:_____)

9 Loan Amount ($)

6 Is lender a financial Institution? Y N

8 Lender address; City; State; Zip Code

10 Interest rate

11 Maturity date

12 Principal occupation / Job title (See Instructions)

13 Employer (See Instructions)

14 Description of Collateral ☐ none

15 ☐ Check if personal funds were deposited into political account (See Instructions)

16 GUARANTOR INFORMATION ☐ not applicable

17 Name of guarantor

18 Guarantor address; City; State; Zip Code

19 Amount Guaranteed ($)

20 Principal Occupation (See Instructions)

21 Employer (See Instructions)

Date of loan

Name of lender ☐ out-of-state PAC (ID#:_____)

Loan Amount ($)

Is lender a financial Institution? Y N

Lender address; City; State; Zip Code

Interest rate

Maturity date

Principal occupation / Job title (See Instructions)

Employer (See Instructions)

Description of Collateral ☐ none

☐ Check if personal funds were deposited into political account (See Instructions)

GUARANTOR INFORMATION ☐ not applicable

Name of guarantor

Guarantor address; City; State; Zip Code

Amount Guaranteed ($)

Principal Occupation (See Instructions)

Employer (See Instructions)

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

If lender is out-of-state PAC, please see Instruction guide for additional reporting requirements.

POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS

SCHEDULE F1

If the requested information is not applicable, **DO NOT include this page in the report.**

EXPENDITURE CATEGORIES FOR BOX 8(a)

Advertising Expense
Accounting/Banking
Consulting Expense
Contributions/Donations Made By Candidate/Officeholder/Political Committee
Credit Card Payment
Event Expense
Fees
Food/Beverage Expense
Gift/Awards/Memorials Expense
Legal Services
Loan Repayment/Reimbursement
Office Overhead/Rental Expense
Polling Expense
Printing Expense
Salaries/Wages/Contract Labor
Solicitation/Fundraising Expense
Transportation Equipment & Related Expense
Travel In District
Travel Out Of District
Other (enter a category not listed above)

The Instruction Guide explains how to complete this form.

1 Total pages Schedule F1:

2 FILER NAME

3 Filer ID (Ethics Commission Filers)

4 Date

5 Payee name

6 Amount ($)

7 Payee address; City; State; Zip Code

8 **PURPOSE OF EXPENDITURE**

(a) Category (See Categories listed at the top of this schedule)

(b) Description

(c) ☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

9 Complete ONLY if direct expenditure to benefit C/OH — Candidate / Officeholder name; Office sought; Office held

---

Date

Payee name

Amount ($)

Payee address; City; State; Zip Code

PURPOSE OF EXPENDITURE

Category (See Categories listed at the top of this schedule)

Description

☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

Complete ONLY if direct expenditure to benefit C/OH — Candidate / Officeholder name; Office sought; Office held

---

Date

Payee name

Amount ($)

Payee address; City; State; Zip Code

PURPOSE OF EXPENDITURE

Category (See Categories listed at the top of this schedule)

Description

☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

Complete ONLY if direct expenditure to benefit C/OH — Candidate / Officeholder name; Office sought; Office held

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

UNPAID INCURRED OBLIGATIONS

SCHEDULE F2

If the requested information is not applicable, **DO NOT include this page in the report.**

EXPENDITURE CATEGORIES FOR BOX 10(a)

Advertising Expense
Accounting/Banking
Consulting Expense
Contributions/Donations Made By Candidate/Officeholder/Political Committee
Event Expense
Fees
Food/Beverage Expense
Gift/Awards/Memorials Expense
Legal Services
Loan Repayment/Reimbursement
Office Overhead/Rental Expense
Polling Expense
Printing Expense
Salaries/Wages/Contract Labor
Solicitation/Fundraising Expense
Transportation Equipment & Related Expense
Travel In District
Travel Out Of District
Other (enter a category not listed above)

The Instruction Guide explains how to complete this form.

1 Total pages Schedule F2:	**2** FILER NAME	**3** Filer ID (Ethics Commission Filers)
4 TOTAL OF UNITEMIZED UNPAID INCURRED OBLIGATIONS		**$**

5 Date	**6** Payee name			
7 Amount ($)	**8** Payee address;	City;	State;	Zip Code
9 **TYPE OF EXPENDITURE**	☐ Political	☐ Non-Political		
10 **PURPOSE OF EXPENDITURE**	**(a)** Category (See Categories listed at the top of this schedule)	**(b)** Description		
	(c) ☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense		
11 Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office sought	Office held	

Date	Payee name			
Amount ($)	Payee address;	City;	State;	Zip Code
TYPE OF EXPENDITURE	☐ Political	☐ Non-Political		
PURPOSE OF EXPENDITURE	Category (See Categories listed at the top of this schedule)	Description		
	☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense		
Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office sought	Office held	

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

PURCHASE OF INVESTMENTS MADE FROM POLITICAL CONTRIBUTIONS

SCHEDULE F3

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.	**1** Total pages Schedule F3:
2 FILER NAME	**3** Filer ID (Ethics Commission Filers)

4 Date

5 Name of person from whom investment is purchased

6 Address of person from whom investment is purchased; City; State; Zip Code

7 Description of investment

8 Amount of investment ($)

Date

Name of person from whom investment is purchased

Address of person from whom investment is purchased; City; State; Zip Code

Description of investment

Amount of investment ($)

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

EXPENDITURES MADE BY CREDIT CARD

SCHEDULE F4

If the requested information is not applicable, **DO NOT include this page in the report.**

EXPENDITURE CATEGORIES FOR BOX 10(a)

Advertising Expense
Accounting/Banking
Consulting Expense
Contributions/Donations Made By Candidate/Officeholder/Political Committee
Event Expense
Fees
Food/Beverage Expense
Gift/Awards/Memorials Expense
Legal Services
Loan Repayment/Reimbursement
Office Overhead/Rental Expense
Polling Expense
Printing Expense
Salaries/Wages/Contract Labor
Solicitation/Fundraising Expense
Transportation Equipment & Related Expense
Travel In District
Travel Out Of District
Other (enter a category not listed above)

The Instruction Guide explains how to complete this form. **USE A NEW PAGE FOR EACH CREDIT CARD ISSUER**

1 TOTAL PAGES SCHEDULE F4:	**2 FILER NAME**	**3 FILER ID (Ethics Commission Filers)**
4 TOTAL OF UNITEMIZED EXPENDITURES CHARGED TO A CREDIT CARD		$
5 CREDIT CARD ISSUER	Name of financial institution	

6 PAYMENT	(a) Amount Charged $	(b) Date Expenditure Charged	(c) Date(s) Credit Card Issuer Paid
7 PAYEE	(a) Payee name	(b) Payee address; City, State, Zip Code	
8 PURPOSE OF EXPENDITURE ☐ Political ☐ Non-Political	(a) Category (See Categories listed at the top of this schedule)	(b) Description	
	(c) ☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense	
9 Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office Sought	Office Held

PAYMENT	(a) Amount Charged $	(b) Date Expenditure Charged	(c) Date(s) Credit Card Issuer Paid
PAYEE	(a) Payee name	(b) Payee address; City, State, Zip Code	
PURPOSE OF EXPENDITURE ☐ Political ☐ Non-Political	(a) Category (See Categories listed at the top of this schedule)	(b) Description	
	(c) ☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense	
Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office Sought	Office Held

PAYMENT	(a) Amount Charged $	(b) Date Expenditure Charged	(c) Date(s) Credit Card Issuer Paid
PAYEE	(a) Payee name	(b) Payee address; City, State, Zip Code	
PURPOSE OF EXPENDITURE ☐ Political ☐ Non-Political	(a) Category (See Categories listed at the top of this schedule)	(b) Description	
	(c) ☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense	
Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office Sought	Office Held

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

POLITICAL EXPENDITURES MADE FROM PERSONAL FUNDS

SCHEDULE G

If the requested information is not applicable, **DO NOT include this page in the report.**

EXPENDITURE CATEGORIES FOR BOX 8(a)

Advertising Expense
Accounting/Banking
Consulting Expense
Contributions/Donations Made By Candidate/Officeholder/Political Committee
Credit Card Payment
Event Expense
Fees
Food/Beverage Expense
Gift/Awards/Memorials Expense
Legal Services
Loan Repayment/Reimbursement
Office Overhead/Rental Expense
Polling Expense
Printing Expense
Salaries/Wages/Contract Labor
Solicitation/Fundraising Expense
Transportation Equipment & Related Expense
Travel In District
Travel Out Of District
Other (enter a category not listed above)

The Instruction Guide explains how to complete this form.

1 Total pages Schedule G:

2 FILER NAME

3 Filer ID (Ethics Commission Filers)

4 Date

5 Payee name

6 Amount ($)

☐ Reimbursement from political contributions intended

7 Payee address; City; State; Zip Code

8 **PURPOSE OF EXPENDITURE**

(a) Category (See Categories listed at the top of this schedule)

(b) Description

(c) ☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

9 Complete ONLY if direct expenditure to benefit C/OH

Candidate / Officeholder name | Office sought | Office held

Date

Payee name

Amount ($)

☐ Reimbursement from political contributions intended

Payee address; City; State; Zip Code

PURPOSE OF EXPENDITURE

Category (See Categories listed at the top of this schedule)

Description

☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

Complete ONLY if direct expenditure to benefit C/OH

Candidate / Officeholder name | Office sought | Office held

Date

Payee name

Amount ($)

☐ Reimbursement from political contributions intended

Payee address; City; State; Zip Code

PURPOSE OF EXPENDITURE

Category (See Categories listed at the top of this schedule)

Description

☐ Check if travel outside of Texas. Complete Schedule T. ☐ Check if Austin, TX, officeholder living expense

Complete ONLY if direct expenditure to benefit C/OH

Candidate / Officeholder name | Office sought | Office held

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

PAYMENT MADE FROM POLITICAL CONTRIBUTIONS TO A BUSINESS OF C/OH

SCHEDULE H

If the requested information is not applicable, **DO NOT include this page in the report.**

EXPENDITURE CATEGORIES FOR BOX 8(a)

Advertising Expense
Accounting/Banking
Consulting Expense
Contributions/Donations Made By Candidate/Officeholder/Political Committee
Credit Card Payment
Event Expense
Fees
Food/Beverage Expense
Gift/Awards/Memorials Expense
Legal Services
Loan Repayment/Reimbursement
Office Overhead/Rental Expense
Polling Expense
Printing Expense
Salaries/Wages/Contract Labor
Solicitation/Fundraising Expense
Transportation Equipment & Related Expense
Travel In District
Travel Out Of District
Other (enter a category not listed above)

The Instruction Guide explains how to complete this form.

1 Total pages Schedule H:	**2** FILER NAME	**3** Filer ID (Ethics Commission Filers)
4 Date	**5** Business name	
6 Amount ($)	**7** Business address; City; State; Zip Code	
8 **PURPOSE OF EXPENDITURE**	**(a)** Category (See Categories listed at the top of this schedule)	**(b)** Description
	(c) ☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense
9 Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office sought / Office held

Date	Business name	
Amount ($)	Business address; City; State; Zip Code	
PURPOSE OF EXPENDITURE	Category (See Categories listed at the top of this schedule)	Description
	☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense
Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office sought / Office held

Date	Business name	
Amount ($)	Business address; City; State; Zip Code	
PURPOSE OF EXPENDITURE	Category (See Categories listed at the top of this schedule)	Description
	☐ Check if travel outside of Texas. Complete Schedule T.	☐ Check if Austin, TX, officeholder living expense
Complete ONLY if direct expenditure to benefit C/OH	Candidate / Officeholder name	Office sought / Office held

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

NON-POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS

SCHEDULE I

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.

1 Total pages Schedule I:	**2** FILER NAME	**3** Filer ID (Ethics Commission Filers)
4 Date	**5** Payee name	
6 Amount ($)	**7** Payee address; City State Zip Code	
8 PURPOSE OF EXPENDITURE	**(a)** Category (See instructions for examples of acceptable categories.)	**(b)** Description (See instructions regarding type of information required.)

Date	Payee name	
Amount ($)	Payee address; City State Zip Code	
PURPOSE OF EXPENDITURE	Category (See instructions for examples of acceptable categories.)	Description (See instructions regarding type of information required.)

Date	Payee name	
Amount ($)	Payee address; City State Zip Code	
PURPOSE OF EXPENDITURE	Category (See instructions for examples of acceptable categories.)	Description (See instructions regarding type of information required.)

Date	Payee name	
Amount ($)	Payee address; City State Zip Code	
PURPOSE OF EXPENDITURE	Category (See instructions for examples of acceptable categories.)	Description (See instructions regarding type of information required.)

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

INTEREST, CREDITS, GAINS, REFUNDS, AND CONTRIBUTIONS RETURNED TO FILER

SCHEDULE K

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.	**1** Total pages Schedule K:
2 FILER NAME	**3** Filer ID (Ethics Commission Filers)

4 Date	**5** Name of person from whom amount is received **6** Address of person from whom amount is received; City; State; Zip Code	**8** Amount ($)
	7 Purpose for which amount is received ☐ Check if political contribution returned to filer	

Date	Name of person from whom amount is received Address of person from whom amount is received; City; State; Zip Code	Amount ($)
	Purpose for which amount is received ☐ Check if political contribution returned to filer	

Date	Name of person from whom amount is received Address of person from whom amount is received; City; State; Zip Code	Amount ($)
	Purpose for which amount is received ☐ Check if political contribution returned to filer	

Date	Name of person from whom amount is received Address of person from whom amount is received; City; State; Zip Code	Amount ($)
	Purpose for which amount is received ☐ Check if political contribution returned to filer	

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

IN-KIND CONTRIBUTIONS OR POLITICAL EXPENDITURES FOR TRAVEL OUTSIDE OF TEXAS

SCHEDULE T

If the requested information is not applicable, **DO NOT include this page in the report.**

The Instruction Guide explains how to complete this form.

1 Total pages Schedule T:

2 FILER NAME

3 Filer ID (Ethics Commission Filers)

4 Name of Contributor / Corporation or Labor Organization / Pledgor / Payee

5 Contribution / Expenditure reported on:

☐ Schedule A2 ☐ Schedule B ☐ Schedule B(J) ☐ Schedule C2 ☐ Schedule D ☐ Schedule F1
☐ Schedule F2 ☐ Schedule F4 ☐ Schedule G ☐ Schedule H ☐ Schedule COH-UC ☐ Schedule B-SS

6 Dates of travel

7 Name of person(s) traveling

8 Departure city or name of departure location

9 Destination city or name of destination location

10 Means of transportation

11 Purpose of travel (including name of conference, seminar, or other event)

Name of Contributor / Corporation or Labor Organization / Pledgor / Payee

Contribution / Expenditure reported on:

☐ Schedule A2 ☐ Schedule B ☐ Schedule B(J) ☐ Schedule C2 ☐ Schedule D ☐ Schedule F1
☐ Schedule F2 ☐ Schedule F4 ☐ Schedule G ☐ Schedule H ☐ Schedule COH-UC ☐ Schedule B-SS

Dates of travel

Name of person(s) traveling

Departure city or name of departure location

Destination city or name of destination location

Means of transportation

Purpose of travel (including name of conference, seminar, or other event)

Name of Contributor / Corporation or Labor Organization / Pledgor / Payee

Contribution / Expenditure reported on:

☐ Schedule A2 ☐ Schedule B ☐ Schedule B(J) ☐ Schedule C2 ☐ Schedule D ☐ Schedule F1
☐ Schedule F2 ☐ Schedule F4 ☐ Schedule G ☐ Schedule H ☐ Schedule COH-UC ☐ Schedule B-SS

Dates of travel

Name of person(s) traveling

Departure city or name of departure location

Destination city or name of destination location

Means of transportation

Purpose of travel (including name of conference, seminar, or other event)

ATTACH ADDITIONAL COPIES OF THIS SCHEDULE AS NEEDED

CANDIDATE / OFFICEHOLDER REPORT: DESIGNATION OF FINAL REPORT

FORM C/OH - FR

The Instruction Guide explains how to complete this form.

•• Complete only if "Report Type" on page 1 is marked "Final Report" ••

1 C/OH NAME	**2** Filer ID (Ethics Commission Filers)

3 SIGNATURE

I do not expect any further political contributions or political expenditures in connection with my candidacy. I understand that designating a report as a final report terminates my campaign treasurer appointment. I also understand that I may not accept any campaign contributions or make any campaign expenditures without a campaign treasurer appointment on file.

Signature of Candidate / Officeholder

4 FILER WHO IS NOT AN OFFICEHOLDER

•• Complete A & B below *only* if you are not an officeholder. ••

A. CAMPAIGN FUNDS

Check only one:

☐ I do not have unexpended contributions or unexpended interest or income earned from political contributions.

☐ I have unexpended contributions or unexpended interest or income earned from political contributions. I understand that I may not convert unexpended political contributions or unexpended interest or income earned on political contributions to personal use. I also understand that I must file an annual report of unexpended contributions and that I may not retain unexpended contributions or unexpended interest or income earned on political contributions longer than six years after filing this final report. Further, I understand that I must dispose of unexpended political contributions and unexpended interest or income earned on political contributions in accordance with the requirements of Election Code, § 254.204.

B. ASSETS

Check only one:

☐ I do not retain assets purchased with political contributions or interest or other income from political contributions.

☐ I do retain assets purchased with political contributions or interest or other income from political contributions. I understand that I may not convert assets purchased with political contributions or interest or other income from political contributions to personal use. I also understand that I must dispose of assets purchased with political contributions in accordance with the requirements of Election Code, § 254.204.

Signature of Candidate

5 OFFICEHOLDER

•• Complete this section *only* if you are an officeholder ••

☐ I am aware that I remain subject to filing requirements applicable to an officeholder who does not have a campaign treasurer on file. I am also aware that I will be required to file reports of unexpended contributions if, after filing the last required report as an officeholder, I retain political contributions, interest or other income from political contributions, or assets purchased with political contributions or interest or other income from political contributions.

Signature of Officeholder

TEXAS ETHICS COMMISSION

CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT

FORM C/OH – INSTRUCTION GUIDE

(PAPER FILERS ONLY)

To Report Activity Occurring on or after January 1, 2025

Revised January 1, 2025

Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711
www.ethics.state.tx.us
(512) 463-5800 • TDD (800) 735-2989
Promoting Public Confidence in Government

FORM C/OH – INSTRUCTION GUIDE

TABLE OF CONTENTS

These instructions are for the CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT (Form C/OH) and all schedules that are filed with it. FORM C/OH includes a three-page cover sheet and Schedules A1, A2, B, E, F1, F2, F3, F4, G, H, I, K, and T. Candidates or officeholders filing a Final Report should also attach Form C/OH-FR. All filers must submit the three-page cover sheet, but only the schedules on which there is information to report need to be included.

GENERAL INSTRUCTIONS 3
IMPORTANT UPDATES 3
ELECTRONIC FILING 3
FILLING OUT THE FORMS 3
TEXAS ETHICS COMMISSION GUIDES 4
PHOTOCOPIES OF FORMS 4
FILING DATE 4
FORM C/OH: CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT 5
GENERAL INFORMATION 5
COMPLETING THE COVER SHEET 7
PAGE 1 7
PAGE 2 13
PAGE 3 15
SCHEDULE A1: MONETARY POLITICAL CONTRIBUTIONS 18
SCHEDULE A2: NON-MONETARY (IN-KIND) POLITICAL CONTRIBUTIONS 21
SCHEDULE B: PLEDGED CONTRIBUTIONS 23
SCHEDULE E: LOANS 26
SCHEDULE F1: POLITICAL EXPENDITURES FROM POLITICAL CONTRIBUTIONS 29
SCHEDULE F2: UNPAID INCURRED OBLIGATIONS 32
SCHEDULE F3: PURCHASE OF INVESTMENTS FROM POLITICAL CONTRIBUTIONS 34
SCHEDULE F4: EXPENDITURES MADE BY CREDIT CARD 35
SCHEDULE G: POLITICAL EXPENDITURES MADE FROM PERSONAL FUNDS 38
SCHEDULE H: PAYMENT FROM POLITICAL CONTRIBUTIONS TO A BUSINESS OF C/OH 40
SCHEDULE I: NON-POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS 41
SCHEDULE K: INTEREST, CREDITS, GAINS, REFUNDS, AND CONTRIBUTIONS RETURNED TO FILER 42
SCHEDULE T: IN-KIND CONTRIBUTIONS OR POLITICAL EXPENDITURES FOR TRAVEL OUTSIDE OF TEXAS 43
FORM C/OH-FR: DESIGNATION OF FINAL REPORT 44
GENERAL INFORMATION 44
COMPLETING THE FORM 45
ADDITIONAL INFORMATION REGARDING EXPENDITURES 46
EXAMPLES: REPORTING EXPENDITURES MADE BY CREDIT CARD 46
EXAMPLES: PURPOSE OF EXPENDITURES 51
EXAMPLES: REPORTING EXPENDITURES FROM PERSONAL FUNDS 53
EXAMPLES: REPORTING STAFF REIMBURSEMENT 55

GENERAL INSTRUCTIONS

These general instructions apply to all C/OH forms required to be filed under title 15, Texas Election Code, for activity that occurs on or after January 1, 2024. For a report that includes activity occurring before January 1, 2024, you must use the instructions applicable before that time, which are available on the Texas Ethics Commissionôs website at https://www.ethics.state.tx.us/forms/coh/cohfrm.php.

IMPORTANT UPDATES

Increased Disclosure Thresholds

On January 1, 2020, the Texas Ethics Commission began adjusting certain reporting thresholds to account for inflation. As directed by section 571.064 of the Texas Government Code, the Commission is required to annually adjust these thresholds upward to the nearest multiple of $10 in accordance with the percentage increase for the previous year in the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor. Accordingly, one or more thresholds will generally be adjusted each year, depending upon the figures in the index.

These changes will be made effective January 1st of each calendar year; the affected numbers and corresponding new thresholds are located in 1 T.A.C. §18.31, which can be found here: https://www.ethics.state.tx.us/rules/. The higher itemization thresholds will be reflected on the paper forms and in these instructions, as applicable.

Verify that you are using the correct thresholds and forms that apply to your filing. For example, if you are filing a campaign finance report or lobby activities report that is due in January of 2021, you must use the forms and instructions that are applicable to the period ending December 31, 2020.

Contributions Made Electronically Must Be Itemized

Beginning on September 1, 2019, all political contributions that are made electronically and accepted by a filer during the reporting peri report. This change is made by House Bill 2586, adopted by the 86th Texas Legislature.

ELECTRONIC FILING

All persons filing campaign finance reports with the Texas Ethics Commission (Commission) are required to file those reports electronically unless the person is eligible to claim an exemption. Check the Commissi *https://www.ethics.state.tx.us* for information about exemptions from the electronic filing requirement.

FILLING OUT THE FORMS

All reports filed on paper must be either handwritten in ink or typewritten. If you complete the report by hand, print everything other than your signature.

If you are filing with the Commission, and you are eligible to claim an exemption to electronic filing, ***you may use your own computer-generated form*** if it provides for disclosure of all the information required on the Commission's form and it is *substantially identical* in paper size, color, layout, and format. A substitute form that is substantially identical to the Commission's prescribed form must be submitted for pre-approval by the Commission's executive director.

Always file the cover sheet of the campaign finance report form. You need to file only those schedules on which you have information to report.

You must keep an exact copy of each report filed and all records necessary to complete the report for at least two (2) years after the deadline for filing the report.

If you have questions, call our office at (512) 463-5800.

TEXAS ETHICS COMMISSION GUIDES

The Commission publishes a Campaign Finance Guide for each type of filer. These guides are designed to explain your responsibilities as a filer. The Commission encourages you to read the appropriate guide before you begin accepting political contributions or making or authorizing political expenditures.

PHOTOCOPIES OF FORMS

You may use photocopies of Commission forms. For example, if the space provided on Schedule A1 is insufficient, you may make copies of a blank Schedule A1 form and attach more pages as needed.

FILING DATE

For most reporting deadlines, a document is considered timely filed if it is properly addressed with postage or handling charges prepaid and bears a postmark or receipt mark of a common or contract carrier indicating a time on or before the deadline.

Pre-Election Reports: A report due 30 days before an election and a report due 8 days before an election must be *received* by the appropriate filing authority no later than the report due date.

If you are filing with the Commission, address your reports and correspondence to the Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711-2070. For hand-deliveries, the Commission's street address is 201 E. 14th Floor, Austin, Texas 78701.

If the due date for a report falls on a Saturday, Sunday, or legal holiday, the report is due on the next regular business day.

FORM C/OH: CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT

These instructions are for the CANDIDATE/OFFICEHOLDER CAMPAIGN FINANCE REPORT (Form C/OH). A complete report includes the Form C/OH cover sheet, and any of the following schedules on which there is information to report: A1, A2, B, E, F1, F2, F3, F4, G, H, I, K, and T. A complete Final Report must also include Form C/OH-FR.

Note: Judicial candidates and officeholders must use a different form, Form JC/OH.

GENERAL INFORMATION

Use Form C/OH for filing the following reports:

- Semiannual reports (January 15 and July 15)
- Pre-election reports (30th day before election, 8th day before election)
- Runoff report (8th day before runoff election)
- Exceeded Modified Reporting Limit report
- 15th day after officeholder campaign treasurer appointment
- Final Report

See the instructions for sections 9 and 10 of the Cover Sheet for help in deciding which reports you are required to file.

OFFICEHOLDER ACTIVITY

An officeholder may make officeholder expenditures and accept officeholder contributions without having a campaign treasurer appointment on file. However, an officeholder must have a campaign treasurer appointment on file before the officeholder may make campaign expenditures or accept campaign contributions.

DUTIES OF CANDIDATE OR OFFICEHOLDER

As a candidate or officeholder, you alone, not the campaign treasurer, are responsible for filing this form. Failing to file a report on time or filing an incomplete report may subject you to criminal or civil penalties.

DUTIES OF CAMPAIGN TREASURER

State law does not impose any reporting or record-keeping obligations on a candidate's campaign treasurer.

WHERE TO FILE

This form is filed with the same filing authority with which you were required to file your Campaign Treasurer Appointment (Form CTA). If you are an officeholder who does not have a campaign treasurer appointment on file, file your reports with the same authority with which a candidate for your office must file the campaign treasurer appointment.

FILING A FINAL REPORT

For filing purposes, you are a "candidate" as treasurer on file. If you do not expect to accept any further campaign contributions or to make any further campaign expenditures, you may file a Final Report of contributions and expenditures. A Final Report terminates your appointment of campaign treasurer and relieves you of the obligation of filing further reports ***as a candidate***. If you are an officeholder at the time of filing a Final Report, you may be required to file semiannual reports of contributions and expenditures as an officeholder. The only officeholders who are not required to file semiannual reports are officeholders who file locally, who do not have a campaign treasurer appointment on file, ***and*** who do not exceed $1.110 in contributions or expenditures during the reporting period.

You are required to file a report of unexpended contributions (using Form C/OH-UC) if ***all*** of the following apply to you: you are not a current officeholder, you have filed a final report, and you retain political contributions. Officeholders who leave office, no longer have a treasurer appointment on file, file a final report, and still retain political contributions will also owe this report. See Instructions for Form C/OH-UC for further information. To file a Final Report, you must complete the "C/OH CAMPAIGN FINANCE REPO box in section 9 on the Cover Sheet, and complete and attach the DESIGNATION OF FINAL REPORT" (Form C/OH

COMPLETING THE COVER SHEET

Each numbered item in these instructions corresponds to the same numbered item on the form.

PAGE 1

1. **FILER ID:** If you are filing with the Commission, you were assigned a filer identification number when you filed your initial campaign treasurer appointment. You should have received a letter acknowledging receipt of the form and informing you of your Filer ID. Enter this number wherever you see "FILER ID" on the form. If you are not required to enter a Filer ID.

2. **TOTAL PAGES FILED:** After you have completed the form, count the total number of pages of this form and any attached schedules. Enter that number where indicated on the top line of page 1 only. Each side of a two-sided form counts as one page.

3. **CANDIDATE/OFFICEHOLDER NAME:** Enter your full name, including nicknames and suffixes (e.g., Sr., Jr., III), if applicable.

4. **CANDIDATE/OFFICEHOLDER MAILING ADDRESS:** Enter your complete mailing address. If your mailing address has changed since you last gave notice of your address, check the "Change of Address" box.

5. **CANDIDATE/OFFICEHOLDER PHONE:** Enter your phone number including the area code, and your extension, if applicable.

Sections 6 - 8 pertain to a candidate's campaign treasurer appointment. If you do not have a campaign treasurer appointment on file, skip these sections.

6. **CAMPAIGN TREASURER NAME:** Enter the full name of your campaign treasurer, including nicknames and suffixes (e.g., Sr., Jr., III), if applicable.

7. **CAMPAIGN TREASURER ADDRESS:** Enter the complete address of your campaign treasurer.

8. **CAMPAIGN TREASURER PHONE:** Enter the phone number of your campaign treasurer including the area code, and the extension, if applicable.

9. **REPORT TYPE:** Check the box that describes the type of report you are filing, according to the descriptions below. See the instructions for section 10 for the periods covered by each type of report.

   January 15 (Semiannual) Report: All candidates and most officeholders must file a semiannual report by January 15. The only officeholders who are not required to file this report are officeholders who file locally, who do not have a campaign treasurer appointment on file, ***and*** who do not exceed $1,110 in contributions or expenditures during the reporting period.

All candidates and officeholders who file with the Commission must file this report by midnight Central Time on the January 15 report due date. All candidates and officeholders who file locally must file this report by 5 p.m. on the January 15 report due date.

Note: Anyone who has a campaign treasurer appointment (Form CTA) on file must file semiannual reports, even after an election has ended and even if the filer lost the election. To end this semiannual filing requirement, the filer must cease campaign activity and file a Final Report. (See "Final Report" below for

July 15 (Semiannual) Report: All candidates and most officeholders must file a semiannual report by July 15. The only officeholders who are not required to file this report are officeholders who file locally, who do not have a campaign treasurer appointment on file, ***and*** who do not exceed $1,110 in contributions or expenditures during the reporting period.

See "January 15 Report" above for more infor
for semiannual reports.

30th Day Before Election Report: Opposed candidates in an election who did not choose the modified reporting schedule must file this pre-election report. If an opposed candidate chose modified reporting, but then exceeded a threshold before the 30th day before the election, the candidate must file this report.

The report is due no later than 30 days before the election. For all candidates and officeholders who file with the Commission, this report must be received by the Commission no later than midnight Central Time on the report due date. For all candidates and officeholders who file locally, this report must be received by the filing authority no later than 5 p.m. on the report due date.

You are an "opposed" candidate if you have an opponent, including a minor party candidate, whose name is printed on the ballot. If your only opposition is a write-in candidate, you are not considered opposed for filing purposes. If you are a write-in candidate, you are an "opposed" candidate subject to the reporting requirements if you accept political contributions or make political expenditures. Candidates who are unopposed in an election are not required to file pre-election reports for that election.

8th Day Before Election Report: Opposed candidates in an election who did not choose the modified reporting schedule must file this pre-election report. If an opposed candidate chose modified reporting but then exceeded a threshold before the 8th day before the election, the candidate must file this report.

The report is due no later than 8 days before the election. For all candidates and officeholders who file with the Commission, this report must be received by the Commission no later than midnight Central Time on the report due date. For all candidates and officeholders who file locally, this report must be received by the filing authority no later than 5 p.m. on the report due date.

See "3th Day Before Election nitRe op an opposed candidate" e for th

Runoff Report: Opposed candidates who are participating in a runoff election and who did not choose the modified reporting schedule must file this runoff report. The report is due no later than 8 days before the runoff election. For all candidates and officeholders who file with Commission, this report must be received by the Commission no later than midnight Central Time on the report due date. For all candidates and officeholders who file locally, this report must be received by the filing authority no later than 5 p.m. on the report due date.

30th Day Before Election: Report for an opposed candidate.

Exceeded Modified Reporting Limit Report: Candidates who chose to file under the modified reporting schedule but then, after the 30th day before the election, exceeded $1,110 in contributions or $1,110 in expenditures in connection with the election must file this Exceeded Modified Reporting Limit report within 48 hours after exceeding the $1,110 limit. The candidate must meet this deadline even if it falls on a weekend or a holiday.

15th Day After Campaign Treasurer Appointment Report (Officeholders Only): An officeholder must file this report if he or she appoints a campaign treasurer after a period of not having a campaign treasurer appointment (Form CTA) on file. For all officeholders who file with Commission, this report is due no later than midnight Central Time on the 15th day after an officeholder files Form CTA with the Commission. For all officeholders who file locally, this report is due no later than 5 p.m. on the 15th day after an officeholder files Form CTA with the filing authority. It is not required of officeholders who are merely changing their campaign treasurer. It is not required of an officeholder who files locally if the officeholder did not exceed $1,110 in either contributions or expenditures during the period covered by the report. Candidates who are not officeholders do not file this report.

Final Report: A person who has a campaign treasurer appointment on file may file this report when he or she does not expect to accept any further campaign contributions or make or authorize any further campaign expenditures. There is not a fixed deadline for this report. This report must be designated as a "C/OH REPORT" (FR) and checked "FINAL REPORT" (FR) attached.

A candidate must have a CTA on file to accept campaign contributions or make campaign expenditures, including contributions intended to offset campaign debts or expenditures made to pay campaign debts. A candidate who intends to continue campaign activity should not file a Final Report.

A Final Report terminates a candidate's CTA additional filing obligations as a candidate. Officeholders who file a Final Report will still be subject to the filing requirements applicable to officeholders. A person who is not an officeholder but who has surplus political funds or assets after filing a Final Report will be required to file annual Unexpended Contributions Report. For more information, see the "Designation of Final Report" folder within the Form C/OH folder. A person who does not have a CTA on file may still be required to file a personal financial statement (PFS).

Filing a Final Report does not relieve a candidate of responsibility for any delinquent reports or outstanding civil penalties.

Daily Pre-Election Report of Contributions: A candidate or officeholder who files with the Commission may be required to file daily pre-election reports disclosing contributions during the period beginning the 9th day before an election and ending at 12 noon on the day before the election. This information is disclosed on Form Daily-C C/OH. For more information, see the instructions for Form Daily-C C/OH.

Legislative Special Session Report: All statewide candidates and officeholders and members of and candidates for the legislature who accept a political contribution during the period beginning on the date the governor signs the proclamation calling a special legislative session and continuing through the date of final adjournment are required to file a report after a special session of the legislature. This information can be disclosed on Form C/OH-SS. For more information, see the instructions for Form C/OH-SS.

10. PERIOD COVERED: A reporting period includes the start date and the end date. The ***due date*** for filing will generally be ***after*** the end of the reporting period. Generally, a report picks up where the last report left off, and there should be no gaps or overlapping periods. The exceptions are Daily Pre-election reports, which do create overlaps because you are required to report the activity twice.

First Reports: If this is the first report of contributions and expenditures that you have filed, the beginning date will depend on the date your campaign treasurer appointment (Form CTA) was filed or the date you took office.

- If you are a candidate (a person who has filed a Form CTA) and you are filing your first report, the start date will be the date your Form CTA was filed.

- If you are an officeholder who was appointed to an elective office and who did not have a Form CTA on file at the time of the appointment, the start date for your first report will be the date you took office.

January 15th (Semiannual) Report: The start date is July 1 of the previous year or the day after the last day covered by your last required report, whichever is later. If this is the first report you have filed, see the "First
31 of the previous year.

July 15th (Semiannual) Report: The start date is January 1 or the day after the last day covered by your last required report, whichever is later. If this is the first report you have filed, see the "First Reports" section above

30th Day Before Election Report: The start date is the day after the last day covered by your last required report. If this is the f
section above. The end date is the 40th day before the election. This report is not required for unopposed candidates or candidates who are filing under the modified reporting schedule.

8th Day Before Election Report: The start date is the 39th day before the election if you filed a 30th Day Before Election Report. If you did not file the 30th Day Before Election Report, the day after the last day covered by your last required report is the start date. If this is the first report you have filed, see the "

the 10th day before the election. This report is not required for unopposed candidates or candidates who are filing under the modified reporting schedule.

Runoff Report: The start date is the 9th day before the main election if you filed an 8th Day Before Election Report. Otherwise, the start date is the day after the last day covered by your last required report or the day you appointed a campaign treasurer, whichever is later. The end date is the 10th day before the runoff election. This report is not required for candidates who are filing under the modified reporting schedule.

Exceeded Modified Reporting Limit Report: The start date for the report is either the day you appointed your campaign treasurer or the day after the last day covered by your last required report, whichever is later. The end date is the day you exceeded the $1,110 limit for contributions or expenditures.

15th Day After Campaign Treasurer Appointment Report (Officeholders Only): The start date is either the day after the last day covered by your last required report or the day you began serving an appointment to elective office. The end date is the day before the campaign treasurer appointment was filed. This report is due no later than 15 days after the campaign treasurer appointment was filed.

Final Report: The start date is the day after the last day covered by your last required report. The end date is the day the final report is filed.

If you are an officeholder without a campaign treasurer appointment on file, or if you have a campaign treasurer appointment on file but you are not a candidate in an upcoming election and were not a candidate in a recent election, you may skip Section 11.

11. ELECTION: If you are a candidate in an upcoming election or were a candidate in a recently held election, provide the following information concerning the upcoming or recent election.

Election Date: Enter the month, day, and year of the election for which this report is filed, if known.

Candidate in an Upcoming Election: If the political activity in the report primarily pertains to an upcoming election, provide the date of the upcoming election in which you intend to participate as a candidate that most immediately follows the deadline for this report.

Candidate in a Recently Held Election: If the political activity in this report primarily pertains to a recently held election, provide the date of the recently held election in which you participated as a candidate that most immediately precedes the deadline for this report.

Election Type: Check the box next to the type of election that most accurately describes the election for which this report is filed.

Primary: An election held by a political party to select its nominees for office.

Runoff: An election held if no candidate for a particular office receives the vote necessary to be elected in an election requiring a majority vote.

General: An election, other than a primary election, that regularly occurs at fixed dates.

Special: An election that is neither a general election nor a primary election nor a runoff election.

Other: If none of the listed election types ap
own description of the election for which the report is filed.

12. OFFICE HELD: If you are an officeholder, enter the office you currently hold. Include the district, precinct, or other designation for the office, if applicable.

13. OFFICE SOUGHT: If you are a candidate in an upcoming election, enter the office you seek. If you were a candidate in a recently held election, but were unsuccessful or are not currently an officeholder, enter the office you sought during the election that most immediately precedes the deadline for this report. Include the district, precinct, or other designation for the office, if applicable.

14. NOTICE FROM POLITICAL COMMITTEE(S): Complete this section if you received notice from a political committee that it accepted political contributions or made political expenditures on your behalf. You are required to disclose the receipt of such a notice in the report covering the period in which you receive the notice. If you have not received such notice, you may skip this section.

The political committee is required to include in the notice the full name and address of the committee, the full name and address of the
indicating whether the committee is a general-purpose committee or a specific-purpose committee. If the notice also describes the expenditure, do not include the description in this section.

"Additional Pages" box: If you received notice from more than one committee, check this box and attach an additional page listing the names and addresses of the other committees and of their campaign treasurers.

Committee Type:

"General" box: Check this box if the notice is from a general-purpose committee.

"Specific" box: Check this box if the notice is from a specific-purpose committee.

Committee Name: Enter the full name of the committee as reported in the notice.

Committee Address: Enter the address of the committee as reported in the notice.

Committee Campaign Treasurer Name: Enter the name of the comm treasurer as reported in the notice.

Committee Campaign Treasurer Address: Enter the address of the campaign treasurer as reported in the notice.

PAGE 2

15. C/OH (CANDIDATE/OFFICEHOLDER) NAME: Enter your full name.

16. FILER ID: See instructions for Cover Sheet, page 1, section 1.

17. TOTALS: Complete this section only after you have completed all applicable schedules.

Line 1- Total Unitemized Political Contributions: Enter the total of all unitemized contributions (other than pledges, loans, guarantees of loans, or contributions made electronically) of $110 or less. Do not include any contributions itemized on Schedules A1 or A2 or any contributions made electronically. Enter a "0" if you any unitemized contributions during the period covered.

On Schedules A1 and A2, you are required to itemize political contributions that totaled more than $110 from one person during the reporting period and any political contribution that is made electronically. (Remember: If the committee received contributions *totaling* more than $110 from one person during the reporting period, you are required to itemize all of those contributions, even if individual contributions were $110 or less.) You may also itemize contributions of $110 or less from one person. Do not include any itemized contributions in the total entered on line 1, regardless of amount.

Line 2- Total Political Contributions: Add the total contributions listed on Schedules A1 and A2 to the amount you entered on line 1. Enter that total on line 2. Enter a if you did not receive any contributions during the period covered.

Line 3- Total Unitemized Political Expenditures: Enter the total of all unitemized political expenditures of $220 or less. Do not include any expenditures itemized on Schedules F1, F2, F3, F4, G, or H. Enter a "0" if you did expenditures during the period covered.

On Schedule F1, you are required to itemize political expenditures that totaled more than $220 to one payee. (Remember: If the committee made expenditures *totaling* more than $220 to one person during the reporting period, you are required to itemize all of those expenditures, even if individual expenditures were $220 or less.) You may also itemize expenditures totaling $220 or less to one payee. Do not include any expenditures itemized on Schedule F1 in the total entered on line 3, regardless of amount.

On Schedule F2, you are required to itemize incurred but not yet paid political expenditures that totaled more than $220 to one payee. You may also itemize incurred but not yet paid political expenditures totaling $220 or less to one payee. Do not

include any political or non-political expenditures itemized on Schedule F2 in the total entered on line 3, regardless of amount.

On Schedule F4, you are required to itemize political expenditures made by a credit card that totaled more than $220 to one payee. You may also itemize political expenditures made by a credit card totaling $220 or less to one payee. Do not include any political or non-political expenditures itemized on Schedule F4 in the total entered on line 3, regardless of amount.

On Schedule G, you are required to itemize political expenditures from personal funds if you intend to seek reimbursement from political contributions. Do not include any expenditures itemized on Schedule G in the total entered on line 3, regardless of amount.

On Schedule H, you are required to itemize payments from political contributions made to certain businesses. Do not include any expenditures itemized on Schedule H in the total entered on line 3, regardless of amount.

Line 4- Total Political Expenditures: Add the following:

(a) the total expenditures itemized on Schedule F1;

(b) the total political expenditures itemized on Schedule F2;

(c) the total political expenditures itemized on Schedule F4;

(d) the total political expenditures itemized on Schedule G;

(e) the total political expenditures itemized on Schedule H; and

(f) the amount you entered on line 3.

Enter that total on line 4.

Enter a "0" if you did not make any expend

Line 5- Total Political Contributions Maintained: Enter the total amount of political contributions, including interest or other income on those contributions, maintained as of the last day of the reporting period. Ent contributions, including interest or other income on those contributions, as of the last day of the reporting period. This is different from the total contributions reported on line 2. Only contributions accepted during the period covered by the report are entered on line 2.

The law requires you to disclose the total amount of political contributions accepted, including interest or other income on those contributions, maintained in one or more accounts in which political contributions are deposited as of the last day of the reporting period.

The "total amount of politi the total amount of ributio political contributions maintained in one or more accounts, including the balance on

deposit in banks, savings and loan institutions and other depository institutions; the present value of any investments that can be readily converted to cash, such as certificates of deposit, money market accounts, stocks, bonds, treasury bills, etc.; and the balance of political contributions accepted and held in any online fundraising account over which the filer can exercise control by making a withdrawal, expenditure, or transfer.

The total amount of political contributions maintained does ***not*** include personal funds that the filer intends to use for political expenditures, *unless* the personal funds have been disclosed as a loan to your campaign and deposited into an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code. Any unexpended funds from such a loan are required to be included in the total amount of political contributions maintained as of the last day of the reporting period. Note: Personal funds deposited in an account in which political contributions are held are subject to the personal use restrictions.

Line 6- Total Principal Amount of All Outstanding Loans: Enter the aggregate outstanding principal amount of all loans accepted for campaign or officeholder purposes as of the last day of the reporti loans during the period covered and have no outstanding loans as of the last day of the reporting period. This is different from the information reported on Schedule E. This line must include outstanding principal of loans made in this reporting period as well as outstanding principal of loans made previously.

18. SIGNATURE: Complete this section only after you have completed all applicable sections and schedules. You must always sign a report that you file. You must complete this section even if you have no schedules to attach. ***Only the candidate or officeholder filing the report may sign the report***.

If you are using the paper form, fill this section out by hand after you finish the rest of this report. You have the option to either: (1) take the completed form to a notary public where you will sign above the first tel/Office hol days ("Sig electronic signature is not acceptable) and your signature will be notarized, or (2) sign above both lines that say "Signature of Candidate/O not acceptable), and fill out the unsworn declaration section.

PAGE 3

19. C/OH (CANDIDATE/OFFICEHOLDER) NAME: Enter your full name.

20. FILER ID: See instructions for Cover Sheet, page 1, section 1.

21. SCHEDULE SUBTOTALS: Complete this section only after you have completed all applicable schedules.

Check the appropriate boxes to indicate which schedules are attached to your report. If a schedule is not included in the report, leave the check box blank.

Line 1- Schedule A1: Add the total amount of contributions itemized on Schedule A1. Enter that total on line 1. Enter a "0" if you did not
period covered.

Line 2- Schedule A2: Add the total amount of non-monetary in-kind contributions itemized on Schedule A2 to the amount of unitemized non-monetary in-kind contributions accepted during the period covered. Enter that total on line 2. Enter a
if you did not accept any non-monetary in-kind contributions during the period covered.

Line 3- Schedule B: Add the total amount of pledged contributions itemized on Schedule B to the amount of unitemized pledged contributions accepted during the period covered. Enter that total on line 3. Enter a "0" if you di
contributions during the period covered.

Line 4- Schedule E: Add the total amount of loans itemized on Schedule E to the amount of unitemized loans accepted during the period covered. Enter that total on line 4. Enter a "0" if you did not accept any l

Line 5- Schedule F1: Add the total amount of political expenditures from political contributions itemized on Schedule F1. Enter that total on line 5. Enter a "0"
not make any political expenditures from political contributions during the period covered.

Line 6- Schedule F2: Add the total amount of unpaid incurred obligations itemized on Schedule F2 to the amount of unitemized unpaid obligations incurred during the period covered. Enter that total on line 6. Enter a "0" if you did n
obligations during the period covered.

Line 7- Schedule F3: Add the total amount of investments purchased from political contributions itemized on Schedule F3. Enter that total on line 7. Enter a "0" if y
not purchase any investments from political contributions during the period covered.

Line 8- Schedule F4: Add the total amount of expenditures made by a credit card itemized on Schedule F4 to the amount of unitemized expenditures made by a credit card during the period covered. Enter that total on line 8. Enter a "0" if you
make any expenditures by credit card during the period covered.

Line 9- Schedule G: Add the total amount of political expenditures from personal funds itemized on Schedule G. Enter that total on line 9. Enter a "0" if you
make any political expenditures from personal funds during the period covered.

Line 10- Schedule H: Add the total amount of payments from political contributions to a business of the candidate or officeholder itemized on Schedule H. Enter that total on line 10. Enter a "0" if you did not make any pay
business of the candidate or officeholder during the period covered.

Line 11- Schedule I: Add the total amount of non-political expenditures from political contributions itemized on Schedule I. Enter that total on line 11. Enter a "0" if y

not make any non-political expenditures from political contributions during the period covered.

Line 12- Schedule K: Add the total amount of interests, credits, gains, refunds, and contributions returned to the filer itemized on Schedule K. Enter that total on line 12. Enter a "0" if you did not have any such a

SCHEDULE A1: MONETARY POLITICAL CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE A1: MONETARY POLITICAL CONTRIBUTIONS.

Use this schedule to disclose information about monetary campaign and officeholder contributions accepted during the reporting period. Do not enter on this schedule information on non-monetary, in-kind contributions, pledges, loans, or guarantees of loans. Once you actually receive pledged money, it must be reported on Schedule A1. (Report non-monetary, in-kind contributions on Schedule A2; report pledges on Schedule B; report loans and guarantees of loans on Schedule E.)

Itemization: You must enter incoming monetary contributions that exceed $110 from one person, and any monetary contribution made electronically, during the reporting period on this schedule. If you accepted two or more contributions from the same person, the total of which exceeds $110, enter each contribution separately. Although you are not required to do so, you may also report contributions from one person that do not exceed $110 in the period on this schedule. If you do not itemize contributions of $110 and less on this schedule, you must total all such contributions and report them on the Cover Sheet, page 2, section 17, line 1.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE A1:** After you have completed Schedule A1, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date you ***accepted*** the contribution.

   Accepting a contribution is different from ***receiving*** a contribution. You accept a contribution when you decide to accept it rather than reject it. This may or may not be the same day that you receive the contribution.

   Failure to make a determination about acceptance or refusal: If you fail to make a determination to accept or refuse a contribution by the end of the reporting period, the contribution is considered to have been accepted.

   Returning refused contributions: If you receive a political contribution but do not accept it, you must return the contribution not later than the 30th day after the end of the reporting period in which the contribution was received. If you fail to do so, the contribution is considered to have been accepted.

5. **FULL NAME OF CONTRIBUTOR:** Enter the full name of the contributor. If the contributor is an individual, enter the full first and last name, and suffix (Jr., III, etc.) if applicable. If the contributor is an entity, enter the full name of the entity.

   "Out-of-State PAC" box: If the contributor is an out-of-state political committee, check the box. Certain restrictions apply to contributions from out-of-

state PACs. The fact that a political committee has a mailing address outside of Texas does not mean that the committee is an out-of-state PAC for purposes of these restrictions. A political committee that has a campaign treasurer appointment on file in Texas is not an out-of-state PAC. A political committee that makes most of its political expenditures outside of Texas may be an out-of-state PAC. A political committee must determine if it is an out-of-state PAC.

If the contributor is an out-of-state political committee from which you accepted more than $1,110 in the reporting period (including pledges or loans from sources other than financial institutions that have been in business for more than a year), you must include one of the following with your report:

- ¶ a written statement, certified by an officer of the out-of-state political committee, listing the full name and address of each person who contributed more than $220 to the out-of-state political committee during the 12 months immediately preceding the contribution; ***or***

- ¶ a copy of the out-of-s t a t e p o l i t i c a l c o m m i t t e e ' s s t a filed as required by law with the FEC and certified by an officer of the out-of-state committee.

If the contributor is an out-of-state political committee from which you accepted $1,110 or less (including pledges) during the reporting period, you must include one of the following with your report:

- ¶ a copy of the out-of-s t a t e p o l i t i c a l c o m m i t t e e ' s s t a filed as required by law with the FEC and certified by an officer of the out-of-state committee; ***or***

- ¶ a d o c u m e n t l i s t i n g t h e c o m m i t t e e ' s n a m e n a m e o f t h e p e r s o n a p p o i n t i n g t h e c o m m i t h e n a m e , a d d r e s s a n d p h o n e n u m b e r o f t treasurer.

"ID #" Line (Electronic Filing Only): If you are filing your report electronically, you may enter in this field the out-of-state committee's Federal Election Commission (FEC) identification number. If you do not have an FEC # for the out-of-state PAC or are not filing electronically with the Commission, you must provide other documentation as explained above.

6. **CONTRIBUTOR ADDRESS:** Enter the complete address of the contributor.

7. **AMOUNT OF CONTRIBUTION:** Enter the exact amount of the contribution.

8. **PRINCIPAL OCCUPATION OR JOB TITLE:** Candidates for and holders of statewide offices in the executive branch and candidates for and holders of legislative offices must disclose the principal occupation or job title of an individual from whom the candidate or officeholder has accepted contributions (including pledges) of $1,110 or more during the reporting period. In other circumstances, filers are not required to report this information but may do so.

9. EMPLOYER: Candidates for and holders of statewide offices in the executive branch and candidates for and holders of legislative offices must disclose the employer of an individual from whom the candidate or officeholder has accepted contributions (including pledges) of $1,110 or more during the reporting period. In other circumstances, filers are not required to report this information but may do so.

SCHEDULE A2: NON-MONETARY (IN-KIND) POLITICAL CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE A2: NON-MONETARY (IN-KIND) POLITICAL CONTRIBUTIONS.

Use this schedule to disclose information about non-monetary, in-kind campaign and officeholder contributions received during the reporting period. An in-kind contribution is a contribution of goods, services, or any other thing of value ***other than money*** that is given to your campaign. You are not required to include or travel if the individual receives no compensation from any source for the services. Do not enter on this schedule information on monetary political contributions, pledges, loans, or guarantees of loans. Once you actually receive a pledged in-kind contribution, it must be reported on Schedule A2. (Report monetary contributions on Schedule A1; report pledges on Schedule B; report loans and guarantees of loans on Schedule E.)

Itemization: You must enter non-monetary (in-kind) contributions of goods, services, or other things of value that exceed $110 from one person, and any non-monetary contribution made electronically, during the reporting period on this schedule. If you accepted two or more non-monetary contributions from the same person, the total of which exceeds $110, enter each contribution separately. Although you are not required to do so, you may also report contributions from one person that do not exceed $110 in the period on this schedule. If you do not itemize contributions of $110 and less on this schedule, you must total all such contributions and report them on the Cover Sheet, page 2, section 17, line 1.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE A2:** After you have completed Schedule A2, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **TOTAL OF UNITEMIZED IN-KIND POLITICAL CONTRIBUTIONS:** Enter the total amount of in-kind political contributions of $110 or less that you accepted during the period covered that are not itemized on this schedule. If you choose to itemize an in-kind contribution of $110 or less on this schedule, do not include it in this total. All contributions made electronically must be itemized.

5. **DATE:** See instructions for Schedule A1, section 4.

6. **FULL NAME OF CONTRIBUTOR:** See instructions for Schedule A1, section 5.

   "Out-of-State PAC" box: See instructions for Schedule A1, section 5.

7. **CONTRIBUTOR ADDRESS:** Enter the complete address of the contributor.

8. **AMOUNT OF CONTRIBUTION:** Enter the fair market value of the in-kind contribution.

9. IN-KIND CONTRIBUTION DESCRIPTION: Enter a description of the contribution. The description should be sufficiently detailed to allow a person reviewing your report to understand what was contributed.

> **"Check if Travel Outside of Texas" box:** Check this box if the expenditure was for travel outside of Texas. The description of a political expenditure for travel outside of Texas must include detailed information. Report this information on Schedule T.

10. PRINCIPAL OCCUPATION OR JOB TITLE: See instructions for Schedule A1, section 8.

11. EMPLOYER: See instructions for Schedule A1, section 9.

Sections 12-16 pertain to judicial candidates and officeholders only. Do not complete these sections. If you are a judicial candidate or officeholder, use form JC/OH and the corresponding instructions.

SCHEDULE B: PLEDGED CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE B: PLEDGED CONTRIBUTIONS.

Use this schedule to disclose information about pledges accepted during the reporting period for campaign or officeholder purposes. You are n personal services or travel if the individual receives no compensation from any source for the services. Do not enter on this schedule information on contributions actually received, loans, or guarantees of loans. (Report contributions actually received on Schedule A1 or Schedule A2, as applicable; report loans and guarantees of loans on Schedule E.)

If you accept a pledge from a person to give you money, goods, services, or anything of value, that pledge is a reportable contribution and you must include the pledge on this schedule for the report covering the period in which you accept the pledge.

Itemization: You must itemize pledges that exceed $110 in the aggregate from one person during the reporting period. If you accepted two or more pledges from the same person during the reporting period, the total of which exceeds $110, enter each pledge separately. Although you are not required to do so, you may also itemize pledges for $110 or less from one person. You must also disclose the receipt of the pledged contribution on Schedule A1 (used for monetary contributions) or A2 (used for non-monetary contributions), as applicable, in the reporting period in which you actually receive the pledged money or thing of value. If the pledge is accepted and received in the same reporting period, it is no longer a pledge disclosed here; it becomes a contribution disclosed on the applicable contributions schedule

Note: See the Campaign Finance Guide for more information on pledges.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE B:** After you have completed Schedule B, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **TOTAL OF UNITEMIZED PLEDGES:** Enter the total amount of pledges that you accepted during the period that did not exceed $110 in the aggregate per person. Although you are not required to do so, you may also itemize pledges of $110 or less on this schedule. If you itemize some pledges of $110 or less, do not include those pledges in the total entered here. If you choose to itemize all pledges of $110 or less, enter a "0" here.

5. **DATE:** Enter the date you ***accepted*** the pledge. Accepting a pledge is different from receiving a contribution. You accept a pledge when you decide to accept it rather than reject it.

   Pledge accepted and received in different reporting periods: If you accept a pledge in one reporting period and then receive the pledged money or other thing of value in a later reporting period, you will disclose the pledge on this schedule in

the reporting period in which you accepted the pledge. You will also disclose the receipt of the pledged money or other thing of value on the appropriate incoming funds schedule (report monetary contributions on Schedule A1; report in-kind contributions on Schedule A2; report loans on Schedule E) in the reporting period in which you received the pledge.

Pledge received in same reporting period as accepted: If you receive payment of a pledged contribution in the same reporting period in which the pledge was accepted, then you will not report the pledge on this schedule. You will only disclose the contribution on the appropriate incoming funds schedule (such as monetary or non-monetary contributions, or loans). For a pledged contribution paid in the same reporting period, the date of the contribution will be the date your committee ***accepted*** the pledge, regardless of what date within the reporting period that the pledged contribution was actually ***received***.

Pledge accepted but never received: You will disclose the pledge on this schedule in the reporting period in which you accepted the pledge. If you never actually receive the pledge, it is not necessary to correct your report to delete the pledge.

Example: In June a supporter promises that he will give Juan Garcia $1,000 in the last week before the November election. Juan accepts his promise. Juan must disclose the pledge on his July 15 report covering the period in which he accepted the pledge. (Note: When he receives the $1,000, he will disclose it as a monetary contribution on Schedule A1 of the report covering the period in which he received the money. Also, if he never receives the $1,000, he does not correct/amend his report to delete the entry for the pledge.)

6. **FULL NAME OF PLEDGOR:** Enter the full name of the person who made the pledge.

   "Out-of-State PAC" box: See instructions for Schedule A1, section 5.

7. **PLEDGOR ADDRESS:** Enter the complete address of the person who made the pledge.

8. **AMOUNT OF PLEDGE:** Enter the exact amount of the pledge or the fair market value of any pledged goods or services or other thing of value, as applicable.

9. **IN-KIND DESCRIPTION:** If the pledge was for goods or services or any other thing of value, enter a description of the pledged goods or services or other thing of value. The description should be sufficiently detailed to allow a person reviewing your report to understand what was pledged.

   "Check if Travel Outside of Texas" box: Check this box if the expenditure was for travel outside of Texas. The description of a political expenditure for travel outside of Texas must include detailed information. Report this information on Schedule T.

10. **PRINCIPAL OCCUPATION OR JOB TITLE:** See instructions for Schedule A1, section 8.

11. **EMPLOYER:** See instructions for Schedule A1, section 9.

You do not need Schedules C1-4 and D. These schedules are for political committees to report contributions from corporations and labor organizations. Candidates and officeholders are generally prohibited from accepting such contributions.

SCHEDULE E: LOANS

These instructions are for candidates and officeholders using SCHEDULE E: LOANS.

Use this schedule to disclose information about loans and guarantees of loans accepted during the reporting period for campaign or officeholder purposes. This schedule must also be used to disclose deposits of personal funds into an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code. This schedule may also be used to disclose political expenditures from personal funds.

Loans to Your Campaign from Your Personal Funds: You may disclose political expenditures from personal funds as a loan to your campaign on Schedule E. Outgoing political expenditures made from that loan must then be disclosed as if they were made from political contributions. The amount you disclose as a loan from yourself in a reporting period may NOT exceed the amount you actually spent from personal funds in that reporting period. In other words, do not report a $100,000 loan to your campaign if the amount actually spent from your personal funds in the reporting period was $5,000. When you reimburse yourself, disclose the reimbursement as an outgoing political expenditure on Schedule F1. The reimbursement may not exceed the amount disclosed as a loan. (You may also disclose political expenditures from personal funds on Schedule G. See the Schedule G instructions below for more information.)

Personal Funds Deposited into a Political Account: If you deposit personal funds in an account in which political contributions are held, you must disclose the deposited amount as a loan on Schedule E and check the box indicating "Personal Funds Deposited into Political Account." Personal funds deposited in an account in which political contributions are held are subject to the personal use restriction. Disclose the outgoing political expenditures made from that loan as if they were made from political contributions. When you reimburse yourself, disclose the reimbursement as an outgoing political expenditure on Schedule F1. The reimbursement may not exceed the amount disclosed as a loan.

Itemization: You must itemize loans (including loans from personal funds) that exceed $110 that you accepted during the period from one person. If you accepted two or more loans from the same person, the total of which exceeds $110, itemize each loan separately. You must also itemize loans that are made electronically by a person other than a financial institution, regardless of amount. Although you are not required to do so, you may also itemize any other loans that do not exceed $110.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE E:** After you have completed Schedule E, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **TOTAL OF UNITEMIZED LOANS:** Enter the total amount of loans accepted during the reporting period that did not exceed $110 in the aggregate per person and were not from financial institutions, unless the loans were made electronically.

   Although you are not required to do so, you may itemize loans of $110 or less from persons other than financial institutions on this schedule. If you itemize some loans of $110 or less, do not include those loans in the total you enter here. If you choose to itemize all loans of $110 or less, enter a "0" here.

5. **DATE OF LOAN:** Enter the date you ***accepted*** the loan.

6. **IS LENDER A FINANCIAL INSTITUTION?:** If you accepted the loan from a corporation that has been legally engaged in the business of making loans for more than one year, choose "Y" for yes. If you accept a loan from a corporation that has not been legally engaged in the business of making loans for more than one year, choose "N" for no. A loan from a corporation that has not been legally engaged in the business of making loans for more than one year is a corporate contribution. Candidates and officeholders may not accept corporate contributions.

7. **NAME OF LENDER:** Enter the full name of the person or financial institution that made the loan. If the lender is an individual, enter the full first and last name and suffix (Jr., III, etc.) if applicable. If the lender is an entity, enter the full name of the entity.

   "Out-of-State PAC" box: See instructions for Schedule A1, section 5.

   Note: See the Campaign Finance Guide for detailed information on accepting and reporting contributions from out-of-state political committees.

8. **LENDER ADDRESS:** Enter the complete address of the person or financial institution that made the loan.

9. **LOAN AMOUNT:** Enter the principal amount of the loan.

10. **INTEREST RATE:** Enter the interest rate.

11. **MATURITY DATE:** Enter the maturity date.

12. **PRINCIPAL OCCUPATION OR JOB TITLE:** Candidates for and holders of statewide offices in the executive branch, and candidates for and holders of legislative offices, must disclose the principal occupation or job title of each individual from whom the candidate or officeholder has accepted a loan (including a pledge of a loan) of $1,110 or more during the reporting period. Other types of filers are not required to report this information but may do so.

13. **EMPLOYER:** Candidates for and holders of statewide offices in the executive branch, and candidates for and holders of legislative offices, must disclose the full name of the employer of an individual from whom the candidate or officeholder has accepted a loan (including a pledge of a loan) of $1,110 or more during the reporting period. Other types of filers are not required to report this information but may do so.

14. **DESCRIPTION OF COLLATERAL:** If there is no collateral for the loan, check the "none" box in section 15. If there is collateral for the loan, enter a description of the collateral for the loan.

15. **"Check if personal funds were deposited into political account" box:** Check this box *only if* the loan is a deposit of your personal funds into an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code. Political expenditures made from that loan, and any subsequent expenditures to reimburse the candidate or officeholder, must be reported as if they were made from political contributions. The reimbursement may not exceed the amount reported as a loan. Personal funds deposited in an account in which political contributions are held are subject to the personal use restrictions.

16. **GUARANTOR INFORMATION:** If there are no guarantors for Applicable skip" sections 17 through 21. If you have no further loans to report, go to the next applicable schedule.

    Note: A person who guarantees all or part of a loan makes a reportable contribution in the amount of the guarantee. You must report such a contribution on this schedule, and not on the applicable contributions schedule.

17. **NAME OF GUARANTOR:** Enter the full name of the person guaranteeing the loan. If the guarantor is an individual, enter the full first and last name and suffix (Jr., III, etc.) if applicable. If the guarantor is an entity, enter the full name of the entity.

18. **GUARANTOR ADDRESS:** Enter the complete address of the guarantor.

19. **AMOUNT GUARANTEED:** Enter the exact amount of the loan that the guarantor has agreed to guarantee.

20. **PRINCIPAL OCCUPATION:** Enter the principal occupation of the guarantor.

21. **EMPLOYER:** Enter the employer of the guarantor.

SCHEDULE F1: POLITICAL EXPENDITURES FROM POLITICAL CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE F1: POLITICAL EXPENDITURES FROM POLITICAL CONTRIBUTIONS.

Use this schedule to disclose information about political expenditures from political contributions that were made during the reporting period. Do not enter on this schedule unpaid incurred obligations, political expenditures made from personal funds, the purchase of investments from political contributions, expenditures made by credit card, or payments from political contributions made to a business that you own or control. (Report unpaid incurred obligations on Schedule F2; report expenditures from personal funds on Schedule G; report the purchase of investments from political contributions on Schedule F3; report expenditures made by credit card on Schedule F4; and report payments from political contributions made to a business that you own or control on Schedule H.)

Expenditures Made by Credit Card: You must disclose expenditures charged to a credit card on Schedule F4 and *not* on this schedule. When you pay the credit card bill, you must disclose the payment to the credit card issuer on Schedule F1 (used for political payments from political contributions), Schedule G (used for political payments from personal funds), Schedule H (used for payments from political contributions made to a business that you own or control), or Schedule I (used for non-political payments from political contributions), as applicable. See instructions for Schedule F4: Expenditures Made by Credit Card for more information.

See the *Campaign Finance Guide for Candidates and Officeholders* for important restrictions regarding the use of political funds to rent or purchase real property.

Itemization: You must enter expenditures paid to one individual or entity during the reporting period that in the aggregate exceed $220 on this schedule. If you made more than one expenditure to the same payee, the total of which exceeded $220, enter each expenditure separately. Although you are not required to do so, you may also report expenditures to one person that do not exceed $220 in the period on this schedule. If you choose not to itemize expenditures of $220 and less on this schedule, you must total all unitemized expenditures and report them on the Cover Sheet, page 2, section 17, line 3.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE F1:** After you have completed Schedule F1, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date the expenditure was made. Remember: expenditure obligations you incurred in this reporting period ***but have not yet paid*** are entered on Schedule F2. Expenditures made by credit card are entered on Schedule F4.

5. **PAYEE NAME:** Enter the full name of the person to whom the expenditure was made.

Note: If you make an expenditure for goods or services to benefit another candidate, officeholder, or committee, enter the name of the vendor who sold you the goods or services. Do not enter the name of the person for whose benefit you made the expenditure. Include that information under section 8, "Purpose of Expenditure."

6. **AMOUNT:** Enter the exact amount of the expenditure.

7. **PAYEE ADDRESS:** Enter the complete address of the person to whom the expenditure was made.

8. **PURPOSE OF EXPENDITURE:** You must disclose the purpose of the expenditure in two parts: Category and Description. Merely disclosing the category of goods, services, or other thing of value for which the expenditure was made does not adequately describe the purpose of an expenditure.

   (a) Category: Select a category of goods, services, or other thing of value for which an expenditure is made. If none of the listed own category. Examples of acceptable categories include:

   Advertising Expense

   Accounting/Banking

   Consulting Expense

   Contributions/Donations Made By Candidate/Officeholder/Political Committee

   Credit Card Payment

   Event Expense

   Fees

   Food/Beverage Expense

   Gifts/Awards/Memorials Expense

   Legal Services

   Loan Repayment/Reimbursement

   Office Overhead/Rental Expense

   Polling Expense

   Printing Expense

   Salaries/Wages/Contract Labor

   Solicitation/Fundraising Expense

Transportation Equipment and Related Expense

Travel In District

Travel Out Of District

Other (Enter your own category, if none of the listed categories apply)

(b) Description: Enter a brief statement or description of the candidate or officeholder activity that was conducted by making the expenditure. The brief statement or description must include the item or service purchased and must be sufficiently specific, when considered within the context of the description of the category, to make the reason for the expenditure clear. Merely disclosing the category of goods, services, or other thing of value for which the expenditure is made does not adequately describe the purpose of an expenditure.

"Check if travel outside of Texas" box: Check this box if the expenditure was for travel outside of Texas. The description of a political expenditure for travel outside of Texas must include detailed information. Report this information on Schedule T.

"Check if Austin, TX, officeholder living expense" box: Check this box if the expenditure is an officeholder expense for living in Austin, Texas.

For examples of acceptable ways to disclose the purpose of an expenditure, see "Examples: Purpose of Expenditures."

9. DIRECT CAMPAIGN EXPENDITURE TO BENEFIT CANDIDATE/OFFICEHOLDER: If you made a direct campaign expenditure to benefit another candidate or officeholder, enter the full name of the candidate or officeholder and the name of the office sought or held, including the district, precinct, or other designation of the office, as applicable. (Attach additional sheets to list multiple candidates.) Do not complete this section if the expenditure was not a direct campaign expenditure.

A "direct campaign expenditure" to benefit a to that other candidate. A direct campaign expenditure is a campaign expenditure that you make on someone else's behalf for the benefit of that person without th This is in contrast to a political contribution, which the person has the opportunity to accept or reject.

Example: If you made expenditures to prepare and distribute an endorsement letter in support of a candidate after fir approval, you made an ***in-kind contribution***. However, if you did not get the candidate's ***before*** you made the expenditure, you made a ***direct campaign expenditure***.

SCHEDULE F2: UNPAID INCURRED OBLIGATIONS

These instructions are for candidates and officeholders using SCHEDULE F2: UNPAID INCURRED OBLIGATIONS.

Use this schedule to disclose information about obligations to make an expenditure that you incurred during the reporting period but have not yet paid. If under normal business practices, the amount of an expenditure is not known or readily ascertainable until receipt of a periodic bill, do not report it on this schedule. Do not enter on this schedule obligations that were incurred and paid during the reporting period, or other outgoing funds. (Report obligations incurred and paid during the reporting period on Schedule F1, F3, G, H, or I as appropriate, and report expenditures made by credit card on Schedule F4.)

See the *Campaign Finance Guide for Candidates and Officeholders* for important restrictions regarding the use of political funds to rent or purchase real property.

Itemization: Itemization requirements differ depending on whether the unpaid incurred obligation is for a political or non-political expenditure.

> Unpaid Incurred Political Obligations: You must enter political obligations incurred but not yet paid to one individual or entity during the reporting period that in the aggregate exceed $220 on this schedule. If you incurred more than one obligation to the same payee during the reporting period, the total of which exceeded $220, enter each expenditure separately. Although you are not required to do so, you may also report political obligations incurred to one person that do not exceed $220 in the period on this schedule. If you choose not to itemize incurred political obligations of $220 and less on this schedule, you must total all unitemized obligations and report them in section 4 of this Schedule. You must also include that amount in the total unitemized political expenditures of $220 or less on the Cover Sheet, page 2, section 17, line 3.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE F2**: After you have completed Schedule F2, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **TOTAL OF UNITEMIZED UNPAID INCURRED OBLIGATIONS:** Enter the total amount of political obligations incurred during the reporting period that do not exceed $220 in the aggregate per person, unless itemized on this schedule. You are not required to itemize unpaid incurred political obligations of $220 or less, but if you choose to do so, do not include those unpaid incurred obligations in the total you enter here.

5. **DATE:** Enter the date the obligation was incurred. Remember: expenditure obligations you incurred ***and*** paid during the reporting period are entered on Schedule F1, G, H or I, as applicable. Expenditures made by credit card are disclosed on Schedule F4.

6. PAYEE NAME: See instructions for Schedule F1, section 5.

Note: If you incurred an obligation for goods or services to benefit another candidate, officeholder, or committee, enter the name of the vendor of the goods or services. Do not enter the name of the person for whose benefit you incurred the obligation. Include that information under section 10, "Purpose of Ex

7. AMOUNT: Enter the exact amount of the incurred expenditure obligation.

8. PAYEE ADDRESS: Enter the complete address of the person to whom the obligation is owed.

9. TYPE OF EXPENDITURE: Check only one box to indicate whether the incurred obligation was political or non-political.

A non-political expenditure is an expenditure that is neither a campaign expenditure nor an officeholder expenditure. As a practical matter, ***very few*** expenditures made from political contributions are non-political expenditures. For instance, expenditures for administrative expenses, banking fees, and professional dues are typically political expenditures.

10. PURPOSE OF EXPENDITURE: See instructions for Schedule F1, section 8.

11. DIRECT CAMPAIGN EXPENDITURE TO BENEFIT CANDIDATE/OFFICEHOLDER: See instructions for Schedule F1, section 9.

SCHEDULE F3: PURCHASE OF INVESTMENTS FROM POLITICAL CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE F3: PURCHASE OF INVESTMENTS FROM POLITICAL CONTRIBUTIONS.

Use this schedule to disclose information about investments purchased from political contributions during the reporting period. Do not enter on this schedule political expenditures from political contributions, unpaid incurred obligations, expenditures made by credit card, political expenditures made from personal funds, or payments from political contributions made to a business that you own or control. (Report political expenditures from political contributions on Schedule F1; report unpaid incurred obligations on Schedule F2; report expenditures made by credit card on Schedule F4; report expenditures from personal funds on Schedule G; and report payments from political contributions made to a business that you own or control on Schedule H.)

See the *Campaign Finance Guide for Candidates and Officeholders* for important restrictions regarding the use of political funds to rent or purchase real property.

Itemization: You must enter investments purchased with political contributions during the reporting period that in the aggregate exceed $140 on this schedule. If you made two or more payments to the same payee to purchase an investment, the total of which exceeded $140, enter each payment separately. Although you are not required to do so, you may also report investments purchased with political contributions that do not exceed $140 in the period on this schedule.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE F3**: After you have completed Schedule F3, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date you purchased the investment.

5. **NAME OF PERSON FROM WHOM INVESTMENT IS PURCHASED:** Enter the full name of the person or entity from whom you purchased the investment. If you purchased the investment from an individual, enter the full first and last name, and suffix (Jr., III, etc.) if applicable (title is optional). If you purchased the investment from an entity, enter the full name of the entity.

6. **ADDRESS OF PERSON FROM WHOM INVESTMENT IS PURCHASED:** Enter the complete address of the person or entity from whom you purchased the investment.

7. **DESCRIPTION OF INVESTMENT:** Enter a brief statement or description of the investment. For example, "Ten shares of stock in ABC Company."

8. **AMOUNT OF INVESTMENT:** Enter the exact amount of the investment purchased.

SCHEDULE F4: EXPENDITURES MADE BY CREDIT CARD

These instructions are for candidates and officeholders using SCHEDULE F4: EXPENDITURES MADE BY CREDIT CARD. ***Note: significant changes were made to Schedule F4 in 2022.***

Use this schedule to disclose information about expenditures made by a credit card. You must disclose expenditures charged to a credit card on this schedule and identify the individual, entity, or vendor who receives payment from the credit card issuer. When you pay the credit card bill, you must disclose the payment to the credit card issuer on Schedule F1 (used for political payments from political contributions), Schedule G (used for political payments from personal funds), Schedule H (used for payments from political contributions made to a business that you own or control), or Schedule I (used for non-political payments from political contributions), as applicable.

Do not enter on this schedule: political expenditures from political contributions that were paid for with cash, check, or debit card; unpaid incurred obligations; political expenditures made from personal funds; or payments from political contributions made to a business that a candidate or officeholder owns or controls on this schedule. (Report political expenditures from political contributions that were paid for with cash, check or debit card on Schedule F1; report unpaid incurred obligations on Schedule F2; report the purchase of investments from political contributions on Schedule F3; report expenditures from personal funds on Schedule G; and report payments from political contributions made to a business that a candidate or officeholder owns or controls on Schedule H.)

For examples regarding the disclosure of expe
Reporting Expenditures Made by Credit Card."

Itemization: Itemization requirements differ depending on whether the expenditure made by a credit card is for a political or non-political expenditure.

> Political Expenditures Made by Credit Card: You must itemize political expenditures made by credit card that exceed $220 (in the aggregate) to a single payee. If you made two or more expenditures to the same payee during the reporting period, the total of which exceeded $220, enter each expenditure made by credit card separately. Although you are not required to do so, you may also report political expenditures made by credit card that do not exceed $220 in the reporting period on this schedule. If you choose not to itemize political expenditures made by credit card of $220 and less on this schedule, you must total all unitemized political expenditures and report them in section 4 of this Schedule. You must also include that amount in the total unitemized political expenditures of $220 or less on the Cover Sheet, page 2, section 17, line 3.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE F4:** After you have completed Schedule F4, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **TOTAL OF UNITEMIZED EXPENDITURES CHARGED TO ALL CREDIT CARDS:** Enter the total amount of political expenditures charged to all credit cards you used during the reporting period that do not exceed $220 in the aggregate per person, unless itemized on this schedule. You are not required to itemize political expenditures made by credit card of $220 or less, but if you choose to do so, do not include those political expenditures made by credit card in the total you enter here.

5. **CREDIT CARD ISSUER:** Enter the full name of the financial institution that issued the credit card. Use a separate page of Schedule F4 for each credit card used.

Sections 6 through 9 are used to report information about each itemized expenditure made using the credit card listed in item #5 above. Each expenditure must have its own entry. If you made more than three expenditures using that same credit card during the period covered by the report, include additional pages of Schedule F4 and include the name of the credit card issuer in Item 5 on every page. Leave Item 4 blank except for the first page for that credit card issuer.

6. **PAYMENT**

   (a) Amount Charged: Report the exact amount of the credit card expenditure.

   (b) Date Expenditure Charged: Enter the date you charged the credit card.

   Note*:* There is a special reporting rule for expenditures made by credit card. For reports due 30 days and 8 days before an election (pre-election reports) and for runoff reports, the date of the credit card expenditure is the date the credit card is used. For other reports, the date of the credit card expenditure is either the date of the charge or the date the credit card statement is received. *A filer can never go wrong by disclosing the date of the expenditure as the date of the charge.*

   (c) Date(s) Credit Card Issuer Paid: List the date(s) that you made payments to the credit card issuer during the period covered by the report for this expenditure. If you made multiple payments to the credit card issuer during the period covered by the report, list the first and last dates that you made payments.

7. **PAYEE**

   (a) Payee Name: See instructions for Schedule F1, section 5. Disclose the name of the vendor who sold you the goods or services as the payee, NOT the credit card issuer.

   Note: If you made an expenditure for goods or services to benefit another candidate, officeholder, or committee, enter the name of the vendor of the goods or services. Do not enter the name of the person for whose benefit you made the expenditure. Include that information under section 8, "Purpose of Expenditure."

   (b) Payee Address: Enter the complete address of the payee of the credit card expenditure.

8. **PURPOSE OF EXPENDITURE:** Check only one box to indicate whether the credit card expenditure was political or non-political.

A non-political expenditure is an expenditure that is neither a campaign expenditure nor an officeholder expenditure. As a practical matter, ***very few*** expenditures made from political contributions are non-political expenditures. For instance, expenditures for administrative expenses, banking fees, and professional dues are typically political expenditures.

(a) Purpose of Expenditure: See instructions for Schedule F1, section 8.

Note***:*** Do not choose "Credit Card Payment" as the category credit card when an individual, entity, or vendor receives payment from the credit card issuer. Instead, choose the category that corresponds to the goods, services, or other thing of value purchased from the individual, entity, or vendor.

(b) Description: See instructions for Schedule F1, section 8.

9. DIRECT CAMPAIGN EXPENDITURE TO BENEFIT CANDIDATE/OFFICEHOLDER: See instructions for Schedule F1, section 9.

SCHEDULE G: POLITICAL EXPENDITURES MADE FROM PERSONAL FUNDS

These instructions are for candidates and officeholders using SCHEDULE G: POLITICAL EXPENDITURES MADE FROM PERSONAL FUNDS.

Use this schedule to disclose information about political expenditures from personal funds that were made during the reporting period. Alternatively, you may choose to disclose political expenditures from personal funds as a loan on Schedule E (see the Schedule E instructions above for more information). Do not enter on this schedule information about personal funds deposited in an account in which political contributions are held as permitted by section 253.0351(c) of the Election Code. (Report the deposit of personal funds into a political account as a loan on Schedule E.)

Expenditures Made by Credit Card: You must disclose expenditures charged to a credit card on Schedule F4 and *not* on this schedule. When you pay the credit card bill, you must disclose the payment to the credit card issuer on Schedule F1 (used for political payments from political contributions), Schedule G (used for political payments from personal funds), Schedule H (used for payments from political contributions made to a business that you own or control), or Schedule I (used for non-political payments from political contributions), as applicable. See instructions for Schedule F4: Expenditures Made by Credit Card for more information.

If you intend to seek reimbursement ***in any amount*** from political contributions for a political expenditure made from personal funds, you must either report the expenditure on Schedule E or itemize the expenditure on this schedule and check the box in Section 6 to indicate that you intend to seek reimbursement from political contributions. ***You may not correct a report to allow reimbursement.*** When you reimburse yourself, disclose the reimbursement as an outgoing political expenditure on Schedule F1.

See the Campaign Finance Guide for important restrictions regarding the use of political funds to rent or purchase real property.

Itemization: If you choose to report political expenditures from personal funds on this schedule, you must itemize political expenditures paid to one individual or entity during the reporting period that in the aggregate exceed $220 on this schedule. If you made more than one expenditure to the same payee during the reporting period, the total of which exceeded $220, enter each expenditure separately. Although you are not required to do so, you may also report expenditures to one person that do not exceed $220 in the period on this schedule. You must total all political expenditures from personal funds that you do not itemize on this schedule and include them in the total of unitemized political expenditures on the Cover Sheet, page 2, section 17, line 3.

Officeholder expenditures from personal funds for which you do not intend to seek reimbursement are not required to be reported on this schedule or included in the total of unitemized political expenditures.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1 TOTAL PAGES SCHEDULE G: After you have completed Schedule G, count the total number of pages. Each side of a two-sided form counts as one page.

2. FILER NAME: Enter your full name.

3. FILER ID: See instructions for Cover Sheet, page 1, section 1.

4. DATE: Enter the date the expenditure was made.

5. PAYEE NAME: See instructions for Schedule F1, section 7.

6. AMOUNT: Enter the exact amount of the expenditure.

"Reimbursement from Political Contributions Intended" box: Check this box if you intend to reimburse yourself for the expenditure. (In order to be reimbursed from political contributions in any amount for an expenditure made out of personal funds, you must itemize the expenditure on this schedule and check this box, or you must report the expenditure as a loan to yourself on Schedule E.) If you do not check this box at the time you file your report, you cannot correct/amend your report later to check this box without subjecting yourself to a possible penalty.

7. PAYEE ADDRESS: Enter the complete address of the person to whom the expenditure was made.

8. PURPOSE OF EXPENDITURE: See instructions for Schedule F1, section 8.

9. DIRECT CAMPAIGN EXPENDITURE TO BENEFIT CANDIDATE/OFFICEHOLDER: See instructions for Schedule F1, section 9.

SCHEDULE H: PAYMENT FROM POLITICAL CONTRIBUTIONS TO A BUSINESS OF C/OH

These instructions are for candidates and officeholders using SCHEDULE H: PAYMENT FROM POLITICAL CONTRIBUTIONS TO A BUSINESS OF C/OH.

Use this schedule to disclose information about payments from political contributions that were made to a business in which you have an interest of more than 10%, a position on the governing body, or a position as an officer. Do not enter on this schedule other payments from political contributions made during the reporting period.

See the *Campaign Finance Guide for Candidates and Officeholders* for a discussion on the important restrictions on making and reporting payments from political contributions to a business in which you have an interest.

This schedule is for payments to a business in which you have one or more of the following interests or positions:

1) a participating interest of more than 10%;

2) a position on the governing body of the business; *or*

3) a position as an officer of the business.

Itemization: You must enter all payments from political contributions made to certain businesses (as defined above) of a candidate or officeholder made during the reporting period on this schedule, regardless of the amount.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE H:** After you have completed Schedule H, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date you made the payment.

5. **BUSINESS NAME:** Enter the full name of the business to which you made the payment.

6. **AMOUNT:** Enter the exact amount of the payment.

7. **BUSINESS ADDRESS:** Enter the complete address of the business to which you made the payment.

8. **PURPOSE OF EXPENDITURE:** See instructions for Schedule F1, section 8.

9. **DIRECT CAMPAIGN EXPENDITURE TO BENEFIT CANDIDATE/OFFICEHOLDER:** See instructions for Schedule F1, section 9.

SCHEDULE I: NON-POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS

These instructions are for candidates and officeholders using SCHEDULE I: NON-POLITICAL EXPENDITURES MADE FROM POLITICAL CONTRIBUTIONS.

Use this schedule to disclose information about non-political expenditures from political contributions made during the reporting period. Do not enter political expenditures on this schedule. Also, do not enter non-political expenditure obligations you incurred in this reporting period but have not yet paid or non-political expenditures made by credit card. (Report unpaid incurred obligations on Schedule F2; report expenditures made by a credit card on Schedule F4.)

Expenditures Made by Credit Card: You must disclose non-political expenditures charged to a credit card on Schedule F4 and *not* on this schedule. When you pay the credit card bill, you must disclose the payment to the credit card issuer on Schedule F1 (used for political payments from political contributions), Schedule G (used for political payments from personal funds), Schedule H (used for payments from political contributions made to a business that you own or control), or Schedule I (used for non-political payments from political contributions), as applicable. See instructions for Schedule F4: Expenditures Made by Credit Card for more information.

Itemization: You must enter all non-political expenditures from political contributions on this schedule, regardless of the amount. A non-political expenditure is an expenditure that is neither a campaign expenditure nor an officeholder expenditure, as defined in section 251.001 of the Election Code. As a practical matter, ***very few*** expenditures made from political contributions are non-political expenditures. For instance, expenditures for administrative expenses, banking fees, and professional dues are typically political expenditures. You may not convert political contributions to personal use.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE I:** After you have completed Schedule I, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date the expenditure was made.

5. **PAYEE NAME:** See instructions for Schedule F1, section 5.

6. **AMOUNT:** Enter the exact amount of the expenditure.

7. **PAYEE ADDRESS:** Enter the complete address of the person to whom the expenditure was made.

8. **PURPOSE OF EXPENDITURE:** See instructions for Schedule F1, section 8.

SCHEDULE K: INTEREST, CREDITS, GAINS, REFUNDS, AND CONTRIBUTIONS RETURNED TO FILER

These instructions are for candidates and officeholders using SCHEDULE K: INTEREST, CREDITS, GAINS, REFUNDS, AND CONTRIBUTIONS RETURNED TO FILER.

Use this schedule to report information regarding any credit, interest, rebate, refund, reimbursement, or return of a deposit fee resulting from the use of a political contribution or an asset purchased with a political contribution, any proceeds from the sale of an asset purchased with a political contribution, the amount of which exceeds $140, and any other gain from a political contribution received during the reporting period.

Itemization: You must enter interest, credits, gains, refunds and returned contributions received during the reporting period that in the aggregate exceed $140 on this schedule. Although you are not required to do so, you may also report any interest/credit/gain/refund that does not exceed $140 in the period on this schedule.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE K:** After you have completed Schedule K, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter your full name.

3. **FILER ID:** See instructions for Cover Sheet, page 1, section 1.

4. **DATE:** Enter the date the credit/gain/refund/returned contribution was received or the interest was earned, as applicable.

5. **NAME OF PERSON FROM WHOM AMOUNT IS RECEIVED:** Enter the full name of the person or business from whom the interest/credit/gain/refund or returned contribution was received. If the person is an individual, enter the full name, first, last, and suffix (Jr., III, etc.) if applicable (title is optional). If the person or business is an entity, enter the full name of the entity.

6. **ADDRESS OF PERSON FROM WHOM AMOUNT IS RECEIVED:** Enter the complete address of the person or business from whom the interest/credit/gain/refund or returned contribution was received.

7. **PURPOSE FOR WHICH AMOUNT IS RECEIVED:** Enter a brief statement or description of the purpose for which the amo deposit return," "returned interest on savings ac coount to"r)." interest on savings account," "returned

   "Check if political contribution returned to filer" box: If the incoming credit/gain was originally made by you in the form of a political contribution to another candidate or political committee and was returned to you in this reporting period, check this box.

8. **AMOUNT:** Enter the exact amount of the interest/credit/gain/refund or returned contribution.

SCHEDULE T: IN-KIND CONTRIBUTIONS OR POLITICAL EXPENDITURES FOR TRAVEL OUTSIDE OF TEXAS

These instructions are for candidates and officeholders using SCHEDULE T: IN-KIND CONTRIBUTIONS OR POLITICAL EXPENDITURES FOR TRAVEL OUTSIDE OF TEXAS.

Use this schedule to disclose information about contributions accepted or expenditures made during the reporting period that were used for travel outside of Texas. In addition to completing this schedule, you must also report the actual contribution or expenditure on the appropriate schedule or form. The law requires detailed information regarding in-kind contributions or political expenditures for travel outside of Texas.

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **TOTAL PAGES SCHEDULE T:** After you have completed Schedule T, count the total number of pages. Each side of a two-sided form counts as one page.

2. **FILER NAME:** Enter the full name of the candidate, committee, or party on whose report you are including this schedule.

3. **FILER ID:** If you are filing with the Commission, enter your filer identification number. If you do not file with the Commission, you are not required to enter a filer identification number.

4. **NAME OF CONTRIBUTOR / CORPORATION OR LABOR ORGANIZATION / PLEDGOR / PAYEE:** Enter the full name of the contributor / corporation or labor organization / pledgor / payee as it appears on the schedule or form on which you reported the actual contribution or expenditure.

5. **CONTRIBUTION / EXPENDITURE REPORTED ON:** Check the appropriate box for the schedule or form on which you reported the actual contribution or expenditure.

6. **DATES OF TRAVEL:** Enter the date(s) on which the travel occurred.

7. **NAME OF PERSON(S) TRAVELING:** Enter the full name of the person or persons traveling on whose behalf the travel was accepted or on whose behalf the expenditure was made.

8. **DEPARTURE CITY OR NAME OF DEPARTURE LOCATION:** Enter the name of the departure city or the name of each departure location.

9. **DESTINATION CITY OR NAME OF DESTINATION LOCATION:** Enter the name of the destination city or the name of each destination location.

10. **MEANS OF TRANSPORTATION:** Enter the method of travel (e.g., airplane, bus, boat, car, etc.)

11. **PURPOSE OF TRAVEL:** Enter the campaign or officeholder purpose of the travel, including the name of a conference, seminar, or other event.

FORM C/OH-FR: DESIGNATION OF FINAL REPORT

These instructions are for candidates and officeholders using Form C/OH-FR: C/OH REPORT: DESIGNATION OF FINAL REPORT. A final report must include this form (Form C/OH-FR) and the CAMPAIGN FINANCE REPORT (Form C/OH) with page 1, section 9. It must also include Schedules A1, A2, B, E, F1, F2, F3, F4, G, H, I, K, and T, as applicable.

GENERAL INFORMATION

For filing purposes, you have an active appointment of campaign treasurer on file until the "termination date" as campaign treasurer on file. If you do not expect to accept any further campaign contributions or to make any further campaign expenditures, you may file a final report of contributions and expenditures. A final report terminates your appointment of campaign treasurer and relieves you of the obligation of filing further reports as a candidate.

If you do not have an active appointment of campaign treasurer on file, you may not accept ***campaign*** contributions or make ***campaign*** expenditures. A payment on a campaign debt is a campaign expenditure. An officeholder who does not have an active appointment of campaign treasurer on file may accept ***officeholder*** contributions and make ***officeholder*** expenditures.

The effect of filing a final report differs depending on whether you are an officeholder at the time you file a final report.

Officeholders Filing a Final Report: You will not have to worry about surplus political funds and assets until you cease to be an officeholder. You may still be required to file semiannual reports of contributions and expenditures as an officeholder. The only officeholders who are not required to file semiannual reports are local officeholders who do not exceed $1,110 in contributions or $1,110 in expenditures during the reporting period.

If you cease to be an officeholder at a time when you do not have an active campaign treasurer appointment on file, and you retain political contributions, interest or other income from political contributions, or assets purchased with political contributions or interest or other income from political contributions after filing the last required report as an officeholder, you ***must*** file an annual report of unexpended contributions (Form C/OH-UC) not earlier than January 1 and not later than January 15 of each year following the year in which you filed the last required report as an officeholder. If your unexpended contribution report shows that your contributions maintained is now "$0.00," then you may file You may not retain these unexpended funds longer than six years after the date you ceased to be an officeholder. For information about important restrictions regarding the use and reporting of unexpended contributions, see the Campaign Finance Guide for Candidates and Officeholders.

Non-Officeholders Filing a Final Report: You will no longer be required to file reports ***unless*** you retain political contributions, interest or other income from political contributions, or assets purchased with political contributions or interest or other income from political contributions. If you retain any of those items, you must file an annual report of unexpended contributions (Form C/OH-UC) not earlier than January 1 and not later than January 15 of each year after the year in which you filed your final report. If your unexpended contribution report shows that your contributions maintained is now "$0.00," then

at any time. You may not retain these unexpended funds longer than six years after the date of filing a final report. For information about important restrictions regarding the use and reporting of unexpended contributions, see the Campaign Finance Guide for Candidates and Officeholders.

COMPLETING THE FORM

Each numbered item in these instructions corresponds to the same numbered item on the form.

1. **C/OH NAME:** Enter your full name.

2. **FILER ID:** If you are filing with the Commission, enter your Filer ID. If you do not file with the Commission, you are not required to enter a Filer ID.

3. **SIGNATURE:** You must sign this section to indicate that you understand the consequences of filing a final report.

4. **FILER WHO IS NOT AN OFFICEHOLDER:** Complete this section if you are not an officeholder at the time of filing your final report. Be sure to check the appropriate box in both sections A and B and sign on the "Signa

5. **OFFICEHOLDER:** Complete this section if you are an officeholder at the time of filing your final report. You must check the box to indicate awareness of further filing requirements.

ADDITIONAL INFORMATION REGARDING EXPENDITURES

EXAMPLES: REPORTING EXPENDITURES MADE BY CREDIT CARD

This list is for illustrative purposes only. It is intended to provide helpful information and to assist filers in reporting expenditures made by credit card and payments made to credit card issuers.

Keep in mind that this reporting system is not an accounting system and duplication of expenditures is not uncommon when reporting transactions related to expenditures made by credit card.

Example #1: Candidate Using Credit Card to Make Political Expenditures and Using Political Contributions to Pay the Entire Credit Card Bill in the Same Reporting Period

A candidate for elected office uses her credit card to buy $1,000 in campaign office supplies from an office store. During the same reporting period, the candidate uses her credit card to buy $500 in political advertising signs from a sign company. During the same reporting period, the candidate makes a single payment from her political contributions account to pay the $1,500 credit card bill.

To report that activity, the candidate would report all of the following on a campaign finance report (Form C/OH) covering the period in which she made the credit card charges and sent the payment to the credit card issuer:

1. The candidate fills out one page of the "Expenditures Made by Credit Card" Schedule (F4). The credit is included in section 5. The candidate fills out sections 6 through 9 twice, once for the $1,000 expenditure and again for the $500 expenditure.

2. For the $1,000 expenditure, the candidate reports an amount charged of $1,000 in section 6(a), the date the expenditure was made in section 6(b), and the date the credit card issuer was paid $1,500 in section 6(c). She identifies the office store in section 7 as the payee of the expenditure and includes their address. Section 8 category for the expenditure is "Office Overhead/Rental." The description is "Campaign Office Supplies." In Section 8 of the schedule, the checked box for "Politic

3. For the $500 expenditure, the candidate reports an amount charged of $500 in section 6(a), the date the expenditure was made in section 6(b), and the date the credit card issuer was paid $1,500 in section 6(c). She identifies the sign company in section 7 as the payee of the expenditure and includes their address. Section 8 category for the expenditure is "Advertising." The description is "Political Advertising Signs." In Section 8 of the schedule, the box for "Poli

4. For the payment to the credit card issuer: a $1,500 expenditure is reported on the "Political Expenditures from Political Con identifies the credit card issuer as the payee of the expenditure and includes the address, date, amount, a category of the expenditur as "Payment of credit card bill for credit

5. Both $1,500 amounts reported on Schedules F4 and F1 are also included in the appropriate totals sections of Cover Sheet Pages 2 and 3.

Example #2: Candidate Using Credit Card to Make a Political Expenditure and Using Personal Funds to Pay the Entire Credit Card Bill in the Same Reporting Period

A candidate for *non-judicial* office uses his credit card to purchase $3,000 in political advertising materials from a print shop. During the same reporting period, the candidate makes one payment from his personal funds account to pay the entire $3,000 credit card bill.

To report that activity, the candidate would report all of the following on a campaign finance report (Form C/OH) covering the period in which he made the credit card charge and sent the payment to the credit card issuer:

1. The candidate fills out one page of the "E
(F4). The cred iis tincluded in sec tion 5. The candidate fills out me
sections 6 through 9 once, for the $3,000 expenditure.

2. The candidate reports an amount charged of $3,000 in section 6(a), the date the expenditure was made in section 6(b), and the date the credit card issuer was paid $3,000 in section 6(c). He identifies the print shop in section 7 as the payee of the expenditure and includes their address. Sec tcategory for the expenditure is "Advertising Expens e, the descriptions "Political Advertis of the Materi schedule, the box for "Political" is also

3. For the payment to the credit card issuer: a $3,000 expenditure is reported on the "Political Expenditures Made from Personal identifies the credit card issuer as the payee of the expenditure and includes the address, date, amount, a category of the expenditure as "Credit Card de Repayment," a as "Payment of credit card bill for politica intends to seek reimbursement from political contributions, the candidate may also check the appropriate box in Section 6.

4. Both $3,000 amounts reported on Schedules F4 and G are also included in the appropriate sections of Cover Sheet Pages 2 and 3.

Example #3: Political Committee Using Credit Card to Make a Political Expenditure and Using Political Contributions to Pay the Credit Card Bill in Different Reporting Periods

A general-purpose committee (GPAC) uses its credit card to buy $500 in political advertising in a newspaper. The committee receives the statement from the credit card issuer but does not send a payment until after the reporting period ends. When the committee sends a payment to the credit card issuer, it makes a $500 payment from its political contributions account.

To report the credit card charge, the committ
following on a campaign finance report (Form GPAC) covering the period in which it made the credit card charge:

1. The GPAC fills out one page of the "Expend
The credit c is included in section 5. The GPAC fills out sections 6
through 9 once, for the $500 expenditure.

2. The GPAC reports an amount charged of $500 in section 6(a), the date the expenditure was made in section 6(b), and leaves section 6(c) blank. They identify the newspaper in section 7 as the payee of the expenditure and include their address. Section 8's category for the expenditure is "Advertising" and the description is "Political Advertising." In the Schedule, the box for "Po

3. The $500 amount reported on the "Expenditu
will also be included in the appropriate sections of Cover Sheet Pages 2 and 3.

To report the payment to the credit card issuer, the committee's campaign report all of the following on a campaign finance report (Form GPAC) covering the period in which it made the payment to the credit card issuer:

1. The GPAC reports a $500 expenditure on the "Political Contributions" Schedule (F1) issuer. The Schedule
of the expenditure and includes the address, date, amount, a category of the expenditure as "Credit Card Payment," and a descriptio
advertising."

2. The $500 amount reported on the "Political Schedule (F1) will also be included in the appropriate sections of Cover Sheet Pages 2 and 3.

Example #4: Candidate Using Credit Card to Make a Political Expenditure and Using Political Contributions to Pay the Credit Card Bill in Different Reporting Periods

A candidate for *judicial* office uses her credit card to buy $500 in political advertising in a newspaper. The candidate receives the statement from the credit card issuer but does not send a payment until after the reporting period ends. When the candidate sends a payment to the credit card issuer, she makes a $500 payment from her political contributions account.

To report the credit card charge, the candidate would report all of the following on a campaign finance report (Form JC/OH) covering the period in which she made the credit card charge:

1. The judicial candidate fills out one page Schedule (F4). The credit c 5. The candidate fills r's na
out sections 6 through 9 once, for the $500 expenditure.

2. The judicial candidate reports an amount charged of $500 in section 6(a), the date the expenditure was made in section 6(b), and leaves section 6(c) blank. She identifies the newspaper in section 7 as the payee of the expenditure and includes their address. Section 8's category for the expenditure is "Advertising" and the description is "Political Advertising." In the Schedule, section 8, the box for "Political Advertisings" should be checked.

3. The $500 amount reported on the "Expenditu
will also be included in the appropriate sections of Cover Sheet Pages 2 and 3.

To report the payment to the credit card issuer, the judicial candidate would also report all of the following on a campaign finance report (Form JC/OH) covering the period in which the payment to the credit card issuer was made:

1. The judicial candidate reports a $500 expenditure on the "Polit
Political Contributions" Schedulissuer (as F1). Th
the payee of the expenditure and includes the address, date, amount, a category of the expenditure as "Credit Card Payment," and for political advertising."

2. The $500 amount reported on the "Political
Schedule (F1) will also be included in the appropriate sections of Cover Sheet Pages 2 and 3.

Example #5: Political Committee Using Credit Card to Make a Political Expenditure and Using Political Contributions to Make Partial Payments of the Credit Card Bill in Different Reporting Periods

A general-purpose committee (GPAC) uses its credit card to buy $5,000 in political advertising for a mailer from a printing company. The committee receives the statement from the credit card issuer and makes one or more partial payments from political contributions of $2,000 in that same reporting period. The committee pays the remaining $3,000 from political contributions to the credit card issuer in a different reporting period.

To report the credit card charge, the committ
following on a campaign finance report (Form GPAC) covering the period in which it made the credit card charge:

1. The GPAC fills out one page of the "Expend
The credit card issuer5. The GPAC fills out sections 6 included
through 9 once, for the $5,000 expenditure.

2. The GPAC reports an amount charged of $5,000 in section 6(a), the date the expenditure was made in section 6(b), and reports the date (or dates) during that reporting period on which the $2,000 was paid in section 6(c). They identify the printing company in section 7 as the payee of the expenditure and include their address. Section 8 category for the
expenditure is "Advertising the description is "Political Advert
Section 8 of the schedule, the box for "Politica

3. The $5,000 amount reported on "Expenditures Ma
also be included in the appropriate sections of Cover Sheet Pages 2 and 3.

To report the payments to the credit card issuer, the committee's campaign
report all of the following on a campaign finance report (Form GPAC):

1. For the $2,000 payment(s) made during the same period that the expenditure was made, the GPAC reports a $2,000 expenditure on the "Political Expendi

Contributions" Schedule (F1) issuer is the payee of the expenditure and includes the address, date, amount, a category of the expenditure as "Credit Card Payment," and a description as advertising."

2. For the $3,000 payment made during a different reporting period, the GPAC reports a $3,000 expenditure on the "Political Expenditures from (F1). The schedule identifies the credit card issuer as the payee of the expenditure and includes the address, date, amount, a categ and a description as "Payment of credit ca

3. The $2,000 and $3,000 amounts reported on the "Political E Contributions" Schedule (F1) will also be Sheet Pages 2 and 3 for each reporting period.

EXAMPLES: PURPOSE OF EXPENDITURES

This list is for illustrative purposes only. It is intended to provide helpful information and to assist filers in reporting the purpose of an expenditure. However, it is not, and is not intended to be, an exhaustive or an exclusive list of how a filer may permissibly report the purpose of an expenditure.

(1) Example: Candidate X is seeking the office of State Representative, District 2000. She purchases an airline ticket from ABC Airlines to attend a campaign rally within District 2000. The acceptable category for An acceptable brief expenditure description is "airline ticket to attend campaign eve

(2) Example: Candidate X purchases an airline ticket to attend a campaign event outside of District 2000 but within Texas, the acceptabl brief description is "airline ticket to attend campaign e

(3) Example: Candidate X purchases an airline ticket to attend an officeholder related seminar outside of Texas. The acceptable category is "travel out of district" and an acceptable brief description is "airline ticket to attend [name of sem complete "Schedule T" (used to report travel outsi

(4) Example: Candidate X contracts with an individual to do various campaign related tasks such as work on a campaign phone bank, sign distribution, and staffing the office. The acceptable category is "salaries/wages/contract labor." A brief description is a campaign services."

(5) Example: Officeholder X is seeking re-election and makes an expenditure to purchase a vehicle to use for campaign purposes and permissible officeholder purposes. The acceptable category is "transportation equipment" and a brief description is "purchase of campaign/officeholder vehicle

(6) Example: Candidate X makes an expenditure to repair a flat tire on a campaign vehicle purchased with political funds. The acceptabl expenses" and an acceptable brief description is "repairs."

(7) Example: Officeholder X purchases flowers for a constituent. The acceptable category is "gifts/awards/memorials expense" and an accep constituent."

(8) Example: Political Committee XYZ makes a political contribution to Candidate X. The acceptable category is "contributions/donatio committee" and an acceptable brief descriptio

(9) Example: Candidate X makes an expenditure for a filing fee to get his name on the ballot. The acceptable category is "fees" and an acce

(10) Example: Officeholder X makes an expenditure to attend a seminar related to performing a duty or engaging in an activity in connection and an acceptable brief description is "atten

(11) Example: Candidate X makes an expenditure for political advertising to be broadcast by radio. The acceptable category is "advertisin "political advertising." Similarly, political advertising to candidate appear in a newspaper. The acceptable categor description is "political advertising."

(12) Example: Officeholder X makes expenditures for printing and postage to mail a letter to all of her constituents, thanking them for their participation during the legislative session. Acceptable categories are "ad vertisin dis inn ace xpe ms description is "letter to constituents."

(13) Example: Officeholder X makes an expenditure to pay the campaign office electric bill. The acceptable category is "office overhead/renta "campaign office electric bill."

(14) Example: Officeholder X makes an expenditure to purchase paper, postage, and other supplies for the campaign office. The accepta and an acceptable brief description is "campa

(15) Example: Officeholder X makes an expenditure to pay the campaign office monthly rent. The acceptable category is "office overhead/r is "campaign office rent."

(16) Example: Candidate X hires a consultant for fundraising services. The acceptable category is "consulting expense" and an acceptable bri

(17) Example: Candidate/Officeholder X pays his attorney for legal fees related to either campaign matters or officeholder matters. The acceptable brief description is "legal fees f

(18) Example: Candidate/Officeholder X makes food and beverage expenditures for a meeting with her constituents. The acceptable categor brief description is "meeting with constituents."

(19) Example: Candidate X makes food and beverage expenditures for a meeting to discuss candidate issues. The acceptable category is description is "meeting to discuss campaign issues."

(20) Example: Officeholder X makes food and beverage expenditures for a meeting to discuss officeholder issues. The acceptable category description is "meeting to discuss officeholder issue

(21) Example: Candidate/Officeholder X makes food and beverage expenditures for a meeting to discuss campaign and officeholder issues. The and an acceptable brief description is "meeting to discuss campaign

EXAMPLES: REPORTING EXPENDITURES FROM PERSONAL FUNDS

This list is for illustrative purposes only. It is intended to provide helpful information and to assist filers in reporting expenditures from personal funds.

If you intend to seek reimbursement of any amount from political contributions for a political expenditure made from your personal funds, you must report the expenditure in one of three ways. Keep in mind that this reporting system is not an accounting system and duplication of expenditures is not uncommon when reporting transactions related to expenditures made from personal funds.

Method #1: Itemize the expenditure on the "Political Expenditures" schedule (Schedule G) and check the box to indicate that you intend to seek reimbursement from political contributions. You may not correct a report to allow reimbursement without subjecting yourself to a possible penalty. When you reimburse yourself, which could be months or years later, report the reimbursement on the "Political Contributions Made From Personal Funds" schedule (Schedule F1).

> **Example:** On December 1, 2020, Candidate A spends $500 of her own personal funds to purchase political advertising signs. She does not use a credit card for this purchase; the purchase is made using cash, check or a debit card. She reports the expenditure to the vendor on Schedule G and checks the box to indicate that reimbursement is intended. One year later, Candidate A reimburses herself from political contributions. She reports the reimbursement on Schedule F1. Candidate A is the payee and the purpose of the expenditure is to reimburse herself for a political expenditure made from personal funds on December 1, 2020.

If you intend to seek reimbursement from political contributions for a political expenditure of any amount made from personal funds, you must itemize the expenditure on Schedule G.

Method #2: Report the political expenditures made from your personal funds as a loan to your campaign on the "Loans" schedule (Schedule E) from that loan as if they were made from political funds (report on Schedules F1, F2, F3, F4, or H as appropriate). Do NOT report political expenditures made from the loan on Schedule G.

The amount you report as a loan in a reporting period may NOT exceed the amount you actually spent from personal funds in that reporting period. In other words, do not report a $100,000 loan to your campaign if the amount actually spent from personal funds in the reporting period was $5,000. When you reimburse yourself, which could be months or years later, report the reimbursement on the Schedule F1.

> **Example:** In one reporting period, Candidate B spends $5,000 of his own personal funds to purchase political advertising materials. He spends $3,000 at Business One and $2,000 at Business Two. He reports the expenditures as a $5,000 loan on Schedule E and then itemizes each of the two expenditures as a political expenditure on Schedule F1. A year later, Candidate B reimburses himself from political contributions by disclosing the reimbursement on Schedule F1. He reports the reimbursement on Schedule F1. Candidate B is the payee, the category of the expenditure is "Loan Repay

expenditure made from personal funds repor
description.

Method #3: Deposit personal funds in an account in which your political contributions are maintained and report that amount as a loan on the "Loans" schedule (Schedule E). Next, report the political expenditures made from that loan as if they were made from political funds (report on Schedules F1, F2, F3, or H as appropriate). When you reimburse yourself, which could be months or years later, report the reimbursement on the Schedule F1. The reimbursement may not exceed the amount reported as a loan. Personal funds deposited in an account in which political contributions are held are subject to the personal use restriction.)

> **Example:** In one reporting period, Candidate C opens a campaign bank account and deposits $5,000 of her own personal funds into the account. She makes one $3,000 expenditure for political advertising. Candidate C has no other activity in the reporting period. She reports the $5,000 as a loan on Schedule E, itemizes the $3,000 expenditure for the political advertising on Schedule F1, and includes the remaining $2,000 on her contributions maintained at the end of the reporting period total. A year later, Candidate C reimburses herself from political contributions by disclosing the reimbursement on Schedule F1. Candidate C is the payee, the category of expenditure is "Loan Repayment/Reimbursement," and "political expenditure made from personal funds reported as a loan" is an acceptable brief description.

EXAMPLES: REPORTING STAFF REIMBURSEMENT

This list is for illustrative purposes only. It is intended to provide helpful information and to assist filers in reporting staff reimbursements.

When a staff member makes political payment(s) out of his or her personal funds, how you disclose the payment(s) depends on two things: 1) the aggregate total of those payments in the reporting period; and 2) whether or not you reimburse the staff worker in the same reporting period.

Example #1: The payment out of the staff worker's personal funds does not exceed $5,000 in the reporting period ***and*** you reimburse the staff worker from political funds in the same reporting period – Itemize the payment (if over the $220 itemization threshold) on Schedule F1 as if you made the expenditure directly to the vendor out of your political funds, with the name of the vendor who sold the goods or services as the payee for the expenditure. ***Do not*** disclose as the payee the name of your staff worker.

Example #2: The payment(s) out of the staff worker's personal funds are over $5,000 in the aggregate in the reporting period ***and*** you reimburse the staff worker from political funds in the same reporting period – Use a 3-step process, disclosing everything on the same report: (1) On Schedule E, disclose the total amount paid from the staff worker's personal funds as a loan from the staff worker to your campaign; (2) On Schedule F1, itemize the payments made by your staff worker separately, with the names of the vendors who sold the goods or services to your staff worker as the payees for the expenditures. ***Do not*** disclose as the payee the name of your staff worker; and (3) On Schedule F1, disclose the payment to your staff worker for the reimbursement of the loan.

Example #3: The payment(s) out of the staff worker's personal funds do not exceed $5,000 in the aggregate in the reporting period ***but*** you reimburse the staff worker from political funds in a different reporting period – Use a 3-step process, disclosing steps 1 and 2 on the same report and step 3 later, when the reimbursement occurs: (1) On Schedule E, disclose the total amount paid from the staff worker's personal funds as a loan from the staff worker to your campaign; (2) On Schedule F1, itemize the payments made by your staff worker separately, with the names of the vendors who sold the goods or services to your staff worker as the payees for the expenditures. ***Do not*** disclose as the payee the name of your staff worker; and (3) When you reimburse your staff worker, if ever, disclose on Schedule F1 of the report covering the period in which the reimbursement occurs the payment to your staff worker for the reimbursement of the loan.

A Guide to Becoming a City Official

Updated January 2024

The Texas Municipal League exists to provide support and services to city governments in Texas and is guided by its purpose statement – *Empowering Texas cities to serve their citizens*.

Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, Texas 78754
512-231-7400
www.tml.org

Table of Contents

Congratulations on Your Decision to File for City Office **3**

Leadership Attributes for Councilmembers **3**

An Elected Official Wears Many Hats **4**

Policymaker 4

Legislator 4

Ambassador 4

Employer 4

Are You Eligible? **5**

Filing for a Place on the Ballot **5**

Texas Ethics Commission Campaign Finance Filings **5**

An Introduction to City Government **6**

Types of City Government **6**

Forms of Government **7**

Mayor-Council Structure 7

Council-Manager Structure 7

Basic City Services **7**

City Finance **8**

Ethics and Conflicts of Interest **8**

Local Government Code Chapter 171 – Conflicts of Interest **8**

Local Government Code Chapter 176 – Conflicts Disclosure **9**

Government Code Chapter 553 – Conflicts Disclosure **9**

Financial Disclosure for Cities with a Population of 100,000 or More **10**

Nepotism **10**

Dual Office-Holding/Incompatibility **10**

Open Government **11**

Texas Open Meetings Act (TOMA) **11**

Texas Public Information Act (TPIA) **12**

Open Government Training **13**

A Basic Glossary of City Government **13**

Good Luck **15**

Who Belongs to TML? 15

TML Service Statement 15

Congratulations on Your Decision to File for City Office

Serving as an effective city elected official requires dedication, knowledge, and a substantial time commitment, and there are countless reasons why people choose to run for public office. While you may have a very specific reason for seeking a place on the city council, you will be involved in a number of other issues that can have a lasting impact on your city's future. For this reason, becoming a city elected official can be one of the most rewarding experiences of your life. An understanding of your role on the city council—as a member of a team—is critical to your success.

This booklet is designed to familiarize you with the responsibilities of city elected office. Use it as a reference guide during your campaign. Don't hesitate to ask your city manager or city secretary questions about your specific city structure. If you are elected, you may want to seek out the many other resources that help to guide newly elected officials in their new roles.

Material contained in this brochure should not be viewed as a substitute for legal advice or specific information applicable to your city. In addition, if you're serious about your candidacy, you should consider other, more detailed information sources available to you, including:

- attending city council or board of aldermen meetings
- examining your charter, if your city is home rule
- reviewing city ordinances
- the *TML Handbook for Mayors and Councilmembers*

For information on elections, you may get additional information from the city clerk or secretary or the Texas Secretary of State's office. You should also consult your own attorney or familiarize yourself with the requirements of election laws.

Leadership Attributes for Councilmembers

Do you have the necessary leadership attributes to be an effective city leader? At a minimum, successful elected officials must devote a significant amount of time and energy to fulfill a position that answers directly to citizens. Some desirable leadership attributes include:

- a general understanding of city government
- willingness to learn about a wide range of topics
- integrity
- consistency
- confidence
- dedication to the interests of citizens and the community as a whole

- strong communication and team-building skills, including being a good listener
- openness to the thoughts and ideas of others
- being approachable and accessible
- willingness to work cooperatively

An Elected Official Wears Many Hats

Local elected officials have many responsibilities—policymaker, legislator, ambassador, and employer.

The office of mayor is the highest elected office in city government. City councilmembers are the city's legislators, and their primary role is policymaking. The way administrative responsibilities are handled depends on your city type, with which you should be familiar.

Policymaker
As policymakers, it is the council's responsibility to identify the needs of the citizens and to formulate a plan to meet those needs. Policymaking is a complicated process but can be simplified if the city council works together as a team and sets goals for the city. It is from the city council's vision that the administrative staff of the city takes direction and goes about its daily work. The goals of the city should be clear. There are many legal, financial, and administrative considerations to implementing the goals of the city, and without clear direction the effectiveness of the city council can be diminished.

Legislator
Citizens look to the city council to exercise authority to preserve and promote their health, safety, and welfare. A city council may enact ordinances and resolutions and use its governmental powers for the public good. Citizens expect their city council to provide leadership in addressing issues. It is important to show respect for your fellow councilmembers and be willing to discuss issues thoroughly to reach a consensus on the best course of action for all citizens, whatever the issue.

Ambassador
As a member of your city council, you will be invited to participate in a variety of civic activities. These events will provide you with opportunities to learn more about what citizens of your city expect from city government. While not everyone likes this type of public spotlight, it is an important part of your role as a councilmember.

Employer
An understanding of your role as an elected official is vital to your relationship with the city staff. Just as in any productive employer-employee relationship, trust and respect are important. You can learn a great deal about the city from city employees. In many cities, councilmembers come and go, but the city staff continues to serve.

Mayors, Councils, and Boards of Aldermen

The mayor and city council or board of aldermen collectively serve as the governing body for a city and normally possess all legislative powers granted by state law. The positions of both councilmember and alderman have been compared to those of the members of the state legislature and the United States Congress. All these positions require elected officials to represent their constituents, to make policy decisions, to budget for the execution of the policies, and to see that their policies are carried out. Unlike their counterparts in state and federal offices, however, city officials are in direct contact with the citizens they serve on an ongoing basis.

Are You Eligible?

To run for office in a general law city in Texas, you must, among other requirements:

- be a citizen of the United States
- be at least 18 years old on the date of the election
- be a registered voter and have lived in the State of Texas for at least 12 consecutive months prior to the filing date for the election, and in your city or ward for at least six months prior to the filing date for the election
- not have been finally convicted of a felony for which you have not been pardoned or otherwise released from the resulting disabilities

Certain offices and certain city types have additional requirements in state law, so you should be sure to check with both the city and the Texas Secretary of State's Elections Division to ensure that you are eligible. A home rule city may set different requirements in its charter, so check with your city clerk or secretary on whether additional or different requirements apply. The Texas Secretary of State website is at www.sos.state.tx.us.

Filing for a Place on the Ballot

To run for city office, you must file an application with the city clerk or secretary. The application includes information required by the Texas Election Code and must be filed according to deadlines set by that code. A candidate may either file for a place on the ballot or as a write-in candidate, but an application must be filed in either case. A home rule city may also have additional requirements and procedures for filing for a place on the ballot. Your city clerk or secretary can inform you of the rules and deadlines.

Texas Ethics Commission Campaign Finance Filings

State law requires the filing of various forms by a candidate for city office. All candidates for city offices must file an "Appointment of a Campaign Treasurer by a Candidate" form with the city secretary before beginning their campaigns.

Candidates who do not intend to accept more than $1,080 in political contributions or make more than $1,080 in political expenditures may file a modified reporting declaration and operate under modified reporting. Under modified reporting, the candidate is not required to file any further forms beyond the final report, which is filed at the end of the campaign. Semiannual reports may still be required in some cases.

Candidates who intend to accept more than $1,080 in political contributions or make more than $1,080 in political expenditures, or who exceed that amount even after filing for modified reporting, must file under regular reporting requirements. Reports due under these requirements must be submitted by January 15 and July 15 of each year. The reports filed on these dates are known as semiannual reports.

An opposed candidate in an upcoming city election who is using regular reporting must also file reports of contributions and expenditures 30 days and 8 days before the election. A candidate in a runoff must file a report 8 days before the runoff election. Candidates filing under regular reporting are also required to file a final report at the end of the campaign.

Detailed information on filing is available on the Texas Ethics Commission's website at www.ethics.state.tx.us.

An Introduction to City Government

Elected city officials should have a basic understanding of city government and the duties, authority, and limitations of an elected body. What follows is a brief introduction to a few basic governance issues.

Of course, there is no better way to understand what elected officials do than to attend council meetings. In addition, most cities and towns have advisory boards that are formed to make or recommend policy or quasi-judicial decisions, such as a planning commission or parks and recreation board. Serving on these and other appointed boards is another excellent way to become informed.

Types of City Government

Texas has more than 1,200 incorporated cities; each of them is either a home rule city or a general law city. Home rule cities are larger cities. A city with a population of more than 5,000 in which the citizens have adopted a home rule charter through an election is a home rule city. A home rule charter is the document that establishes the city's governmental structure and provides for the distribution of powers and duties.

General law cities are usually smaller cities. General law cities don't have charters. Rather, they operate according to specific state statutes. A general law city looks to the state constitution and state statutes to determine what it **may do**. If state law

doesn't grant a general law city the express or implied power to initiate a particular action, none may be taken. There are three categories of general law cities: type A, B, or C. If you are seeking office in a general law city, you should ask your city manager or city secretary to clarify the type in order to understand which state laws apply.

As opposed to general law cities, a home rule city operates according to its charter and looks to the state constitution and state statutes to determine what it **may not do**.

Forms of Government

There are two prevalent forms of city government in Texas:

Mayor-Council Structure

- The mayor is the ceremonial head of government and presides over council or board of aldermen meetings.
- The council or board of aldermen sets meetings.
- The council or board of aldermen sets policy.
- Depending on local charter and/or ordinances, applicable statute, or local practice, broad or limited administrative authority is vested with the mayor, members of the council or board of aldermen, an administrator, or designated department heads appointed by the mayor, council, or board of aldermen.

Council-Manager Structure

- The mayor is the ceremonial head of government and presides over council or board of aldermen meetings.
- The council sets policy and hires and fires the manager.
- The city manager normally has broad administrative authority.

Basic City Services

Services provided by cities vary. However, some typical services may include:

- **Public Safety**—police, fire, and sometimes ambulance service
- **Utilities**—water and sewer, trash collection, electric power, and natural gas
- **Land Use**—planning, zoning, code enforcement, and other regulatory activities
- **Transportation**—street construction and maintenance, traffic safety, and sometimes public transit
- **Recreation/Culture**—parks, recreation, libraries, and sometimes cultural facilities
- **Legal**—ordinances protecting the public health, safety, and welfare of the community

City Finance

In budgeting, the governing body makes important decisions about the operation and priorities of the city. Is a swimming pool more important than storm sewers? Does the city need a new library more than it needs extra police personnel? Should the potholes be filled or the street completely rebuilt? Budgeting is a process by which the governing body determines the city's standard of living—what the citizens need and want, what they are willing to pay, and what services they can expect to receive for their tax dollars.

Cities levy specific taxes to finance city services. In addition, many city services are financed in whole or in part by user fees and charges. The following are the most common taxes and fees levied by Texas cities:

- **Property tax**—levied on the valuation of taxable property located within the city
- **Sales tax**—levied on retail sales of tangible personal property and some specific services
- **Right-of-way rental fees**—levied on non-municipally owned utilities (telecommunications, electric, gas, water, cable television)

Finally, cities receive some revenues from various federal and state grant and allocation programs. TML provides a comprehensive guide to all revenue sources available to cities. The guide is called the *TML Revenue Manual for Texas Cities* and is available at www.tml.org.

Ethics and Conflicts of Interest

Various laws govern the behavior of a city official. A brief overview of the most commonly applicable statutes follows.

Local Government Code Chapter 171 – Conflicts of Interest

Definition of "conflict of interest": A local public official has a conflict of interest in a matter if any action on the matter would involve a business entity or real property in which the official has a substantial interest, and if an action on the matter will result in a special economic effect on the business that is distinguishable from the effect on the public, or in the case of a substantial interest in real property, it is reasonably foreseeable that the action will have a special economic effect on the value of the property, distinguishable from its effect on the public. A local public official is also considered to have a substantial interest if a close relative has such an interest.

General rule: If a local public official has a conflict of interest in regard to a business entity or real property, that official must file an affidavit with the city secretary stating the interest and must abstain from any participation or vote on the

matter.

Exception: If a local public official has a conflict of interest and files an affidavit, the official is not required to abstain from further participation or a vote on the matter if a majority of the members of the governing body also have a conflict of interest and file an affidavit.

Penalties: Penalties for violating the conflict of interest provisions range from having the action voided to the imposition of fines and incarceration.

Local Government Code Chapter 176 – Conflicts Disclosure

Local Government Code Chapter 176 requires that "local government officers"—including mayors, councilmembers, and certain other executive city officers and agents—file a "conflicts disclosure statement" with a city's records administrator within seven days of becoming aware of any of the following situations:

- A city officer or the officer's family member has an employment or business relationship that results in taxable income of more than $2,500 in the preceding 12 months with a person who has contracted with or is considering contracting with the city ("vendor").
- A city officer or the officer's family member receives and accepts one or more gifts with an aggregate value of $100 in the preceding 12 months from a vendor.
- A city officer has a family relationship with a vendor.

The law also requires a vendor to file a "conflict of interest questionnaire" if the vendor has a business relationship with the city and has an employment or other relationship with an officer or officer's family members, has given a gift to either, or has a family relationship with a city officer. The conflicts disclosure statement and the conflict of interest questionnaire are created by the Texas Ethics Commission and are available online at www.ethics.state.tx.us. An officer who knowingly fails to file the statement commits either a class A, B, or C misdemeanor, depending on the amount of the contract.

Government Code Chapter 553 – Conflicts Disclosure

Government Code Chapter 553 requires that city officers and candidates for city office who have a legal or equitable interest in property that is to be acquired with public funds file an affidavit within 10 days before the date on which the property is to be acquired by purchase or condemnation. The affidavit must be filed with: (1) the county clerk of the county in which the officer or candidate resides; and (2) the county clerk of each county in which the property is located.

A person who fails to file the required affidavit is presumed to have committed a Class A misdemeanor offense if the person had actual notice of the acquisition or intended acquisition of the property.

Financial Disclosure for Cities with a Population of 100,000 or More

Chapter 145 of the Texas Local Government Code requires candidates and elected city officials in cities with a population of 100,000 or more to fill out detailed financial statements to be filed with the city secretary or city clerk.

Nepotism

Definition of "nepotism": Nepotism is the appointment or employment of a close relative of a city's "final hiring authority (the city council or city manager, depending on the form of government)" to a paid position with the city.

General rule: A public official, acting alone or as a member of a governing body, generally may not appoint a close relative to a paid position, regardless of the relative's merit. In addition, a person may not continue to be employed by a city if a close relative is elected to the city council, unless he or she falls under an exception.

Exception: If the employee has been continuously employed by the city for a certain period of time, an employee may remain employed by the city if a close relative is elected to city council.

Exception: The nepotism statute does not apply to cities with fewer than 200 people.

Penalties: Penalties for violating the nepotism provisions include a fine and immediate removal from office.

Dual Office-Holding/Incompatibility

Definition of "dual office-holding" and general rule: The Texas Constitution generally prohibits one person from holding more than one paid public office.

Definition of "incompatibility" and general rule: Texas law prohibits one person from holding two public offices, regardless of whether one or both offices are paid, if one position might impose its policies on the other or subject it to control in some other way. There are three types of incompatibility: (1) "self-appointment" incompatibility prohibits a member of a governing body from being appointed to a position over which the governing body has appointment authority; (2) "self-employment" incompatibility prohibits a member of a governing body from being employed in a position over which the governing body has employment authority; and (3) "conflicting loyalties" incompatibility prohibits one person from holding two

public offices in which the duties of one office might negatively affect the duties of the other office.

Penalties: A person who accepts a prohibited second office automatically resigns from the first office.

Open Government

Before assuming public office, you should become familiar with Texas Open Meetings Act (TOMA) and Public Information Act (PIA). These laws apply to political subdivisions in Texas, including cities, and outline what meetings and information must be open and available to the public.

Texas Open Meetings Act (TOMA)

The Texas Open Meetings Act (TOMA) reflects the policy that public bodies are engaged in the public's business. Consequently, city council or board of aldermen meetings should be open to the public and held only after the public has been properly notified. The TOMA governs how city meetings are conducted. Some general principles follow.

Definition of "meeting": A meeting occurs any time a quorum of the city council discusses public business that is within the city council's jurisdiction, regardless of the location or means of communication (e.g., phone, in person, email).

General rule: Every regular, special, or called meeting of the city council and most boards and commissions (depending on membership and authority) must be open to the public.

Exception: TOMA does not apply to purely social gatherings, conventions and workshops, ceremonial events, press conferences, or candidate forums, so long as any discussion of city business is incidental to the purpose of the gathering, and no action is taken.

Exception: A city may use an online message board that is viewable by the public for city councilmembers to discuss city business. The message board must meet several criteria provided for in TOMA.

Exception: Statutorily authorized executive or "closed" sessions, including deliberations concerning: (1) the value or transfer of real property; (2) specific consultations with the council's attorney; (3) specific personnel matters; (4) economic development; (5) certain security matters; (6) certain information related to emergencies and disasters; (7) a prospective gift or donation; (8) certain competitive matters relating to a city-owned electric or gas utility; or (9) potential items on tests that the council conducts for purposes of licensing individuals to engage in an activity.

To hold an executive session, the governing body must first convene in open session, identify which issues will be discussed in executive session, and cite the applicable exception. All final actions, decisions, or votes must be made in an open meeting.

Agenda: A governmental body must post an agenda that includes the date, hour, place, and subject of each meeting. The agenda must be posted on a physical or electronic bulletin board at city hall in a place readily accessible to the public at all times for at least 72 hours before the meeting. In addition, for cities that have an Internet website, the city must post the city council's agenda 72 hours before the meeting on that website.

Records of meetings: Cities must keep written minutes or recordings of all open meetings, and a certified agenda or recording of all executive/closed meetings, except for closed consultations with an attorney. The minutes must state the subject and indicate each vote, decision, or other action taken, and a city that has a website must post the approved minutes on that website.

Minutes and recording of an open meeting are public records, while certified agendas and recording of a closed meeting are confidential and cannot be released to the public except by court order.

Penalties: Penalties for violating the TOMA range from having the action voided to the imposition of fines and incarceration. Any action taken in violation is voidable and may be reversed in a civil lawsuit. There are four criminal provisions under the TOMA, including:

1. Knowingly engaging in a series of communications of less than a quorum of members discussing city business that will ultimately be deliberated by a quorum of members;
2. Calling or participating in an impermissible closed meeting;
3. Participating in an executive session without a certified agenda or recording; and
4. Disclosing a certified agenda or recording to a member of the public.

Texas Public Information Act (TPIA)

The Texas Public Information Act governs the availability of city records to the public. Some general provisions follow.

Definition of "public information": Public information includes any information that is collected, assembled, or maintained by or for a governmental entity, regardless of the format. Public information can include city-related emails or texts on a city official's personal devices/accounts.

General rule: Most information held by a city is presumed to be public information and must be released pursuant to a written request.

Exceptions: Specific statutory exceptions to disclosure allow certain types of

information to be withheld from the public. Other statutes make certain kinds of information "confidential by law," meaning that a city must withhold that information from the public. Because there are numerous exceptions, city officials should consult with local counsel immediately on receipt of a request.

Procedure: Any member of the public may request information in writing. A city official is prohibited from inquiring into the requestor's motives and is generally limited to: (1) releasing the information as quickly as is practicable, but generally not later than ten business days following the request; or (2) requesting an opinion from the Texas attorney general's office within ten business days of the receipt of the request as to whether the information may be withheld. Recent statutory changes and rulings by the attorney general have granted cities the authority to withhold specified types of confidential information without going through the process of seeking an opinion from the attorney general's office.

Penalties: Penalties for violating the PIA range from a civil lawsuit against the city or a city official to the imposition of fines and incarceration. There are three general criminal provisions under the PIA, including: (1) refusing to provide public information; (2) providing confidential information; and (3) destroying government information improperly.

Open Government Training

Each elected or appointed member of a governmental body must take at least one hour of training in both the Open Meetings Act and the Public Information Act. For more information, please visit the attorney general's website at www.texasattorneygeneral.gov.

A Basic Glossary of City Government

Budgeting: Crafting, passing, and following a city budget are among the most important tasks you will perform as a councilmember. Cities cannot make expenditures except in strict accordance with a budget, and they can levy taxes only in accordance with the budget.

Conflicts of Interest: As a councilmember, you are prohibited from voting or deliberating on agenda items that affect your own business, financial interests, or real property. You'll be required to file an affidavit with the city secretary disclosing the details of your conflict, and that affidavit becomes a public record. Also, you are required to disclose in writing the receipt of any gifts or income from any vendor that does business with the city.

Dual Office-Holding/Incompatibility: Councilmembers cannot hold other paid public offices; in many cases, they cannot hold other unpaid public offices, either. Further, councilmembers can't take paid jobs with their own city, nor can they

appoint themselves to other posts or positions. Finally, think twice about announcing to run for another public office while you're still a councilmember—you may automatically resign your council seat when you do. Check with your city attorney or the Texas Municipal League before considering any other position or job that might be a problem.

Employment Policies: In general law cities, the final authority on employment decisions typically rests with the council as a whole. In home rule cities, the charter usually determines who makes employment decisions. As a member of the council, you should familiarize yourself with the city's employment policies and periodically consult with your city attorney to ensure the policies are kept up to date.

Government Transparency: The Texas Public Information Act and the Open Meetings Act require access to records and meetings. After a city receives a written request for information under the Public Information Act, it must promptly provide copies or access to information, with limited exceptions. The Texas attorney general generally determines whether information is excepted from disclosure to the public. City councils are required to conduct their meetings in accordance with the Open Meetings Act. City officials are required by law to attend training in both Acts.

Gifts and Donations: Cities are prohibited by the Texas Constitution from giving money or anything of value to a private individual, association, or corporation. The exception to this doctrine is when the city council determines that a donation will serve a public purpose of the city. The decision as to what constitutes a public purpose is left to the discretion of the city council but may be overturned by a court. State law also places strict requirements on what gifts an elected official or candidate may receive. Officials and candidates should review these rules before giving or accepting any gift.

Holdover: The Texas Constitution includes a provision that allows an elected official who is no longer qualified for office to continue to serve until his or her vacancy is filled by a qualified individual. This provision allows a city to continue to conduct business even when it loses one or more councilmembers. However, some disqualifications may prevent the disqualified councilmember from continuing to serve as a holdover, and this issue should be reviewed upon the vacancy being created.

Liability: Councilmembers will generally be held personally liable only for actions taken outside the scope of their duties and responsibilities as members of the governing body. However, the city itself will be potentially liable for actions taken by its councilmembers within the scope of their official duties. (See Tort Claims Act below.)

Meeting: Almost everyone intuitively knows what a meeting is. For example, a regular meeting of a city council, where agenda items are discussed and formal action is taken, is clearly a meeting. However, according to the Texas Open Meetings Act, other gatherings of the members of a governmental body may constitute a

meeting. Generally, any time a quorum is present and city business is discussed, all of the Open Meetings Act requirements, including posting of a notice and preparation of minutes, must be followed.

Quorum: A city council must have a quorum to call a meeting to order and conduct business. The number of councilmembers required to establish a quorum varies by city. A quorum in a general law city is determined by state law, and a quorum in a home rule city is spelled out in the city's charter.

Tort Claims Act: The Texas Tort Claims Act limits governmental liability and provides for damage caps for governmental entities. The Act provides that liability for engaging in 36 specifically enumerated "governmental functions" (such as provision of police and fire protection, maintaining city parks, and other activities one expects of a local government) is limited by statute to $250,000 for personal injury claims and $100,000 for property damage claims. The Tort Claims Act does not generally provide for private causes of action against individual councilmembers for the actions of the city government.

Votes by Council: When a council votes on an ordinance or resolution, all that is typically needed to pass the item is a majority of those present and voting. While a quorum is the number needed to conduct a meeting, it is not necessary that a quorum actually vote on each agenda item. Local practices may vary from city to city, however.

Good Luck

We wish you luck in the election. No matter the outcome, you will find the process rewarding and should be proud that you made the decision to offer your time and commitment to the citizens of your city. If you are elected, the Texas Municipal League is here to assist you. Contact us at 512-231-7400 or www.tml.org.

Who Belongs to TML?
Membership in the League is voluntary and is open to any city in Texas. From the original 14 members, TML's membership has grown to more than 1,170 cities. Over 16,000 mayors, councilmembers, city managers, city attorneys, and department heads are member officials of the League by virtue of their cities' participation. Associate memberships are available to private sector organizations and companies that strive to provide quality services to municipal government.

TML Service Statement
In serving its member cities, the League will:

- Represent municipal interests before legislative and administrative bodies.
- Conduct original research in any area of concern to member cities and provide the results of that research to member cities and other interested parties.
- Serve as a repository of literature, analyses, research, and other data

related to all aspects of municipal operations and make that material available to members.

- Sponsor and conduct conferences, seminars, meetings, and workshops for the purpose of studying and exchanging information regarding municipal government.
- Make available an official magazine and other publications, reports, or newsletters of interest to members.
- Secure the assistance of educational institutions for the purpose of gathering, analyzing, and publishing municipal government information, and conducting training and professional development in the field of municipal administration.
- Strive to secure harmonious actions among Texas cities, other governments, and other groups in all matters which affect the rights and duties of the cities of Texas.
- Provide any additional services for which individual members, acting alone, may not have adequate resources.
- Promote the interests of the League's affiliates by providing organizational and technical assistance.
- Promote constructive and cooperative intergovernmental relations by maintaining mutually supportive relationships with groups representing local, state, and regional governments.

Texas Municipal League

Key Legal Requirements for Texas City Officials

2024 Edition

The explanations herein are for informational purposes only and should never be substituted for adequate legal advice. Prior to taking action on anything contained herein, a city official should consult with local legal counsel. Please contact the TML Legal Services Department at 512-231-7400 or legalinfo@tml.org for more information. This document is available online at www.tml.org.

Open Government Training

Each elected or appointed member of a governmental body must take at least one hour of training in both the Texas Open Meetings Act and the Texas Public Information Act. Under certain circumstances, the Office of the Attorney General may require a public official to complete additional training on a determination that a city has failed to comply with the Texas Public Information Act. For more information, please visit the attorney general's website at www.texasattorneygeneral.gov.

Texas Open Meetings Act (TOMA)

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General rule - Every regular, special, or called meeting of the city council and most boards and commissions (depending on membership and authority) must be open to the public.

Exception - TOMA does not apply to purely social gatherings, conventions and workshops, ceremonial events, press conferences, or candidate forums, so long as any discussion of city business is incidental to the purpose of the gathering, and no action is taken.

Exception - A city may use an online message board that is viewable by the public for city councilmembers to discuss city business. The message board must meet several criteria provided for in TOMA.

Exception - Statutorily authorized executive or "closed" sessions, including deliberations concerning: (1) purchase or lease of real property; (2) consultation with attorney; (3) personnel matters; (4) economic development; (5) certain homeland security matters; and (6) certain cyber-security matters.

To hold an executive session, the governing body must first convene in open session, identify which issues will be discussed in executive session, and cite the applicable exception. All final actions, decisions, or votes must be made in an open meeting.

Agenda - A governmental body must post notice of its meeting that includes the date, hour, place, and subject of each meeting. The notice must be posted on a bulletin board at city hall in a place readily accessible to the public at all times for at least 72 hours before the meeting. In addition, for cities that have a website, the city must concurrently post the notice of the meeting and the city council's agenda on the website at least 72 hours before the meeting.

Records of meetings - Cities must keep written minutes or recordings of all open meetings, and a certified agenda or recording of executive/closed meetings, except for

closed consultations with an attorney. The minutes must state the subject and indicate each vote, decision, or other action taken, and a city that has a website must post the approved minutes on that website.

Minutes and recording of an open meeting are public records, while certified agendas and recording of a closed meeting are confidential and cannot be released to the public except by court order.

Penalties - Penalties for violating the TOMA range from having the action voided to the imposition of fines and incarceration. Any action taken in violation of TOMA is voidable and may be reversed in a civil lawsuit. There are four criminal provisions under the TOMA, including:

(1) Knowingly engaging in a series of communications of less than a quorum of members discussing city business that will ultimately be deliberated by a quorum of members;
(2) Calling or participating in an impermissible closed meeting;
(3) Participating in an executive session without keeping a certified agenda or recording; and
(4) Disclosing a certified agenda or recording to a member of the public.

Texas Public Information Act (PIA)

Definition of "public information" - Public information includes any information that is collected, assembled, or maintained by or for a governmental entity (including information held by an individual officer or employee in the transaction of official business), regardless of the format.

General rule - Most information held by a city (or a city official or employee) is presumed to be public information and must be released pursuant to a written request.

Procedure - Any member of the public may request information in writing. A city official is prohibited from inquiring into the requestor's motives, and is generally limited to:

(1) Releasing the information as quickly as is practicable, but generally not later than ten business days following the request; or
(2) Requesting an opinion from the Texas attorney general's office within ten business days of the request as to whether the information may be withheld.

Penalties - Penalties for violating the PIA range from a civil lawsuit against the city or a city official to the imposition of fines and incarceration.

There are three general prohibitions carrying criminal penalties under the PIA, including:

(1) Refusing to provide public information;

(2) Providing confidential information; and
(3) Destroying government information improperly.

Ethics

Chapter 171 – Conflicts of Interest

Definition of "conflict of interest" - A local public official has a conflict of interest in a matter if any action on the matter would involve a business entity or real property in which the official has a substantial interest, and action on the matter would confer an economic benefit on the official.

General rule - If a local public official has a substantial interest in a business entity or real property, the official must file an affidavit with the city secretary stating the interest and abstain from any participation or vote on the matter. A local public official is considered to have a substantial interest if a close relative has such an interest.

Exception - If a local public official has a conflict of interest and files an affidavit, the official is not required to abstain from further participation or a vote on the matter if a majority of the members of the governing body also have a conflict of interest and file an affidavit.

Penalties - Penalties for violating the conflict of interest provisions range from having the action voided to the imposition of fines and incarceration.

Chapter 176 – Conflicts Disclosure

General rule - Chapter 176 of the Local Government Code requires that mayors, councilmembers, and certain other executive city officers and agents file a "conflicts disclosure statement" with a city's records administrator within seven days of becoming aware of any of the following situations:

- A city officer or the officer's family member has an employment or business relationship that results in taxable income of more than $2,500 in the preceding 12 months with a person who has contracted with or is considering contracting with the city ("vendor").
- A city officer or the officer's family member receives and accepts one or more gifts with an aggregate value of $100 in the preceding 12 months from a vendor.
- A city officer has a family relationship with a vendor.

The chapter also requires a vendor to file a conflict of interest questionnaire if the vendor has a business relationship with the city and an employment or other relationship with an officer or officer's family members, has given a gift to either, or has a family relationship with a city officer. The conflicts disclosure statement and the conflict of interest questionnaire are created by the Texas Ethics Commission and are available online at www.ethics.state.tx.us.

Penalties - An officer who knowingly fails to file the statement commits either a class A, B, or C misdemeanor, depending on the amount of the contract.

Chapter 553 – Conflicts Disclosure

General Rule - Chapter 553 of the Government Code requires a "public servant" who has a legal or equitable interest in property that is to be acquired with public funds to file an affidavit within ten days before the date on which the property is to be acquired by purchase or condemnation. Chapter 553 applies to the acquisition of both real property (e.g., land) and personal property (e.g., a vehicle). In addition, Chapter 553 seems to apply even when the property is to be acquired by a governmental entity with which the public servant is not affiliated. The affidavit must be filed with the county clerk of the county in which the public servant resides as well as the county clerk of each county in which the property is located.

Penalties - A person who fails to file the required affidavit is presumed to have committed a Class A misdemeanor offense if the person had actual notice of the acquisition or intended acquisition of the property. A Class A misdemeanor is punishable by a fine not to exceed $4,000, confinement in jail for a term not to exceed one year, or both.

Nepotism

Definition of "nepotism" - Nepotism is the appointment or employment of a close relative of a city's "final hiring authority (the city council or city manager, depending on the form of government)" to a paid position with the city.

General rule - A public official, acting alone or as a member of a governing body, generally may not appoint a close relative to a paid position, regardless of the relative's merit. In addition, a person may not continue to be employed by a city if a close relative is elected to the city council, unless he or she falls under an exception.

Exception - If the employee has been continuously employed by the city for a certain period of time, the employee may remain employed by the city if a close relative is elected to city council.

Exception - The nepotism statute does not apply to cities with fewer than 200 people.

Penalties - Penalties for violating the nepotism provisions include a fine and immediate removal from office.

Dual Office Holding/Incompatibility

Definition of "dual office holding" and general rule - The Texas Constitution generally prohibits one person from holding more than one paid public office at the same time.

Definition of "incompatibility" and general rule - Texas law prohibits one person from holding two public offices at the same time, regardless of whether one or both offices are paid, if one position might impose its policies on the other or subject it to control in some other way. There are three types of incompatibility:

(1) "Self-appointment" incompatibility prohibits a member of a governing body from being appointed to another public office over which the governing body has appointment authority;
(2) "Self-employment" incompatibility prohibits a member of a governing body from being employed in another public office over which the governing body has employment authority; and
(3) "Conflicting loyalties" incompatibility prohibits one person from holding two public offices in which the duties of one office might negatively affect the duties of the other office.

Penalties - A person who accepts a prohibited second office automatically resigns the first office.

Bribery/Gifts

Definition of "bribery" - A public official or public employee commits the crime of bribery when he accepts, agrees to accept, or solicits any benefit as consideration for a decision, opinion, recommendation, vote, or other exercise of discretion. The fact that a benefit or gift was not offered until after the exercise of official discretion is not considered a defense to a prosecution for bribery.

Bribery penalty - The penalty for violating the bribery law is a second degree felony, punishable by two to twenty years imprisonment and a fine of up to $10,000.

Gifts - Public officials and employees are generally prohibited from accepting gifts from any person subject to their jurisdiction, whether or not the gift is related to a specific official action.

Allowable gifts - Certain exceptions may apply, such as: (1) an item with a value of less than $50 (excluding cash or a negotiable instrument, such as a check or gift card); (2) a gift given by a person with whom the official or employee has a familial, personal, business, or professional relationship, independent of the official or employee's status or work; (3) any benefit that the official or employee is entitled to receive by law or for which the person has performed a duty independent of the person's status as a public service (for example, a jury duty fee); or (4) any political contributions as defined by the

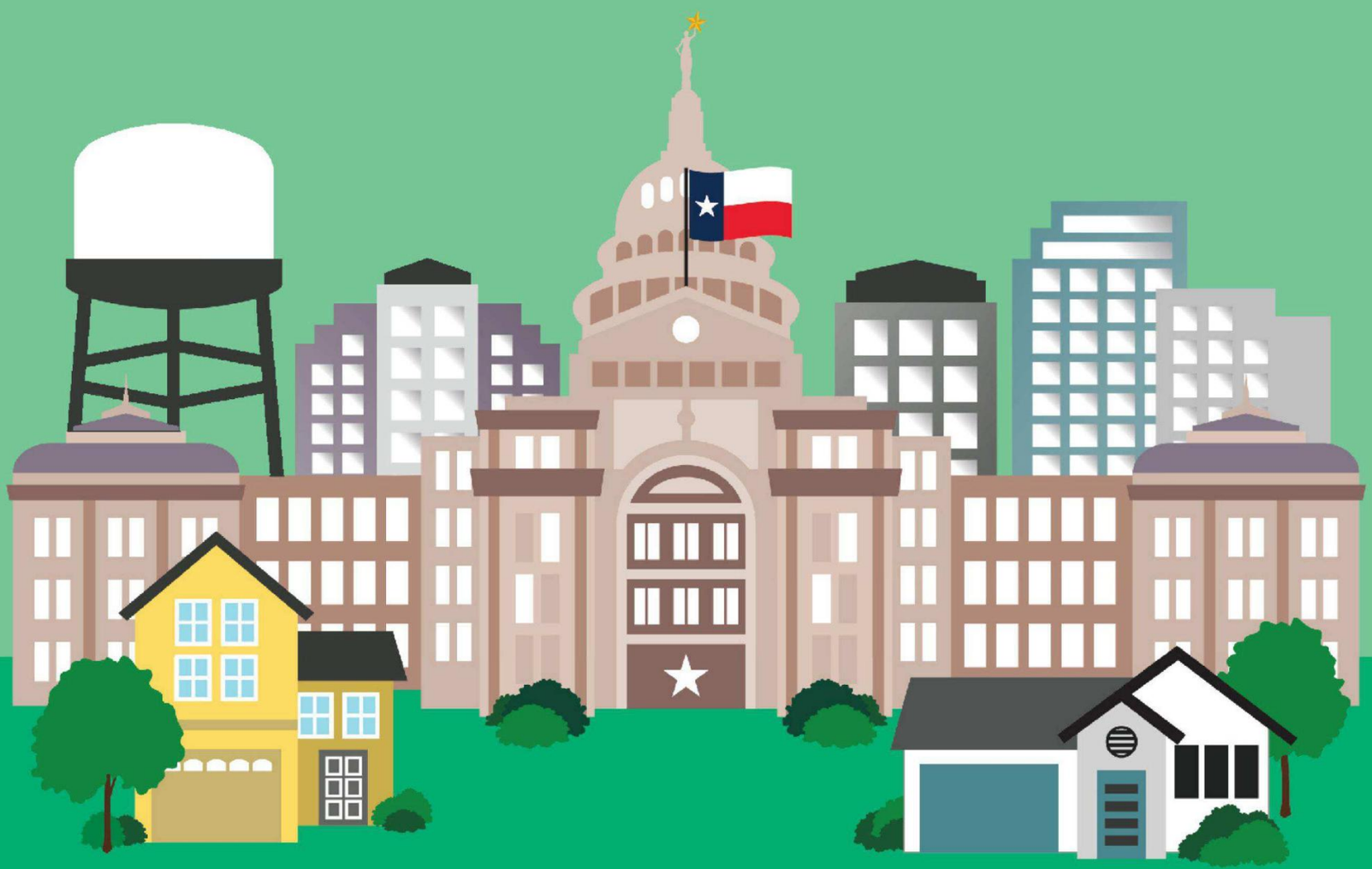
Texas Election Code. In addition, a public employee or official may in certain circumstances accept as a guest an unsolicited gift or benefit of food, lodging, transportation, or entertainment, so long as the gift is not related to a specific official action.

Gifts penalty - The penalty for violating the acceptance of gifts prohibition is, with some exceptions, a class A misdemeanor, punishable by a fine of up to $4,000 and/or jail time of up to one year.

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TEXAS TOWN & CITY

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HOW CITIES WORK

HAPPY ROADS



"Our city saves **$58,889** every block we repair with our Asphalt Zipper. So far we've saved over **$14 million.**"

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Our Home
Our Decisions

Our Home, Our Decisions
Local Governments Providing Essential Services for Our Diverse State

Cities, the government closest to the people, embody the idea that "We the People" should be able to continue making decisions based on the needs of each unique community in Texas. Cities provide the services that we cannot do without - services that reflect the will of the local taxpayers and recognize that not all laws are able to be "one size fits all." **Because of the unique patchwork of cities in our state, we must be able to retain our ability to govern locally and continue making decisions that represent the needs of the community.**

For this purpose, Our Home, Our Decisions was created to emphasize the necessity for local decision making and ensuring that the diverse needs of our communities can continue to be met by local governments.

With the idea that no two areas in the state are alike, the legislature began creating cities upon statehood to work closely with the community to more effectively address local needs. The locally-elected city councils in those cities decide – based on the needs of their citizens – how to provide appropriate services. Each city is different and the needs of each community widely ranges. We often say, what works in the Piney Woods of East Texas won't always work in the Great Plains of the Panhandle and that rings true all across the state. But that is what makes our state great – the diversity and unique needs that can be addressed by the government closest to the people.

Cities rarely seek funding from the state, and they typically receive very little from the state. Cities need to **be allowed to make their own decisions about how to keep their local communities thriving, benefiting the overall success of the state.** For these reasons, we have created the Our Home, Our Decisions campaign to amplify and celebrate the diversity of Texas.

1. Ensure that local decisions are made locally and oppose attempts to harm the ability of local governments to represent their constituents without state interference.

2. Preserve the ability for local governments to retain the experts needed to achieve the goals of their communities.

3. Allow local governments the flexibility to fund essential services for their community such as law enforcement and first responders, roads and bridges, clean water, broadband connectivity, and more.

Join Us in Celebrating the Diversity of Texas:
Our Home, Our Decisions

To learn more, visit www.ourhomeourdecisions.org or call 512-231-7400
Legislative direct contact: Monty Wynn monty@tml.org



The 88th Texas Legislature Keep Your Finger on the Pulse!

TMLLEGISLATIVESERIES.ORG

TML LEGISLATIVE SERIES

FOUR WEBINARS AND A WORKSHOP

Texas cities are strongest when we work together. The 88th session of the Texas Legislature begins in January. It will be a session where state lawmakers and local government leaders sort out roles and determine how cities can be partners with the state in meeting local taxpayers' needs.

WEBINARS

Thursday, January 12, 10:30 a.m. (central)
Legislative Webinar #1: Preview – What's Ahead for Texas Cities

Thursday, March 16, 10:30 a.m. (central)
Legislative Webinar #2: Keep Your Finger on the Pulse

Thursday, April 13, 10:30 a.m. (central)
Legislative Webinar #3: Be Heard at the Capitol

Thursday, May 4, 10:30 a.m. (central)
Legislative Webinar #4: What to Expect in the Final Days

WORKSHOP (IN-PERSON)

Thursday, June 15, 7:30 a.m.-2:00 p.m. (Georgetown)
Legislative Wrap-Up Workshop: An Insider's Perspective

TEXAS TOWN & CITY

Official Publication of the
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Creative Manager Jennifer Stamps
Designer Will Bowling
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CONTENTS ★ FEATURES

3
Our Home, Our Decisions Local Governments Providing Essential Services for Our Diverse State

18
The Texas Legislative Process for House Bills and Resolutions

20
City Property Taxes: Tremendous Bang for the Buck

22
Where do Texas Cities Get Their Money?

26
Cracking the Code: Citizen Safety and Protection of Property Values

28
City Economic Development

30
Cities Keep the Garbage from Piling Up

34
Putting the "Works" in Public Works

38
Water Conservation

40
Funding the State Water Plan

42
The Connection Between Infrastructure and Property Tax Limitations

44
The High Cost of Providing Public Safety

46
Annexation: A Dangerous Policy Experiment Is Underway

48
Zoning: A Primary Means to Protect Property Values and the Welfare of City Residents

50
Keeping the Power On: Cities and Electricity

52
Cities Refuse to Accept Utility Rate Hikes Without a Fight

54
Thriving Libraries Reflect Thriving Cities

56
Texans Keep Healthy in City Parks

58
Investing in Tomorrow's Leaders: City Governments Involve Youth

59
The Texas Municipal Retirement System: Proven Success

60
Advocacy Is Vital

62
About TML

CONTENTS ★ IN EACH ISSUE

7
Message from the President

8
TML News

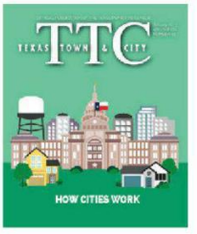
10
Risk Pool News

12
Health Pool News

14
Small Cities' Corner

16
Legal Q&A

65
Career Builder



ABOUT THE COVER

Learn what Texas cities do and how they do it in this biennial publication, *How Cities Work.*
Cover illustration: Lindy N. Jordaan

ABOUT ★ TML

The Texas Municipal League exists solely to provide services to Texas cities. Since its formation in 1913, the League's mission has remained the same: to serve the needs and advocate the interests of its members. Membership in the League is voluntary and is open to any city in Texas. From the original 14 members, TML's membership has grown to more than 1,150 cities. Over 16,000 mayors, councilmembers, city managers, city attorneys, and department heads are member officials of the League by virtue of their cities'participation.

The League provides a variety of services to its member cities. One of the principal purposes of the League is to advocate municipal interests at the state and federal levels. Among the thousands of bills introduced during each session of the Texas Legislature are hundreds of bills that would affect cities. The League, working through its Legislative Services Department, attempts to defeat detrimental city-related bills and to facilitate the passage of legislation designed to improve the ability of municipal governments to operate effectively.

The League employs full-time attorneys who are available to provide member cities with information on municipal legal matters. On a daily basis, the legal staff responds to member cities' written and oral questions on a wide variety of legal matters. The League annually conducts a variety of conferences and training seminars to enhance the knowledge and skills of municipal officials in the state. In addition, the League also publishes a variety of printed materials to assist member cities in performing their duties. The best known of these is the League's monthly magazine, *Texas Town & City*. Each issue focuses on a variety of contemporary municipal issues, including survey results to respond to member inquiries.

For additional information on any of these services, contact the **Texas Municipal League** at 512-231-7400 or visit our website, www.tml.org.

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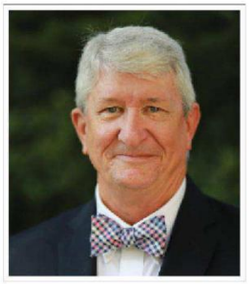
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MESSAGE ★ FROM THE PRESIDENT



DAVID RUTLEDGE, CMO
Mayor, City of Bridge City
TML President

Dear Texas City Official,

It's almost that time. Our friends at the Texas Legislature go back into action at noon on January 10 and, as cities, we need to be ready. That's what this issue, titled *How Cities Work*, is all about. You can't really be in a position to file dozens or even hundreds of bills that will affect cities and towns without understanding how our local governments operate.

Think of this month's magazine as one-stop-shopping for everything essential about how cities function. Taxes, utilities, debt, franchise fees, right-of-way management, and much, much more are covered. Not only will this magazine help educate you on the essentials, but more importantly you'll be able to share the relevant sections with your state legislators. Give them the whole magazine if you think it will help!

Texas cities are unique. We don't ask for much from the state in terms of resources. What we do request instead is broad authority to do our jobs locally as our citizens demand. Under such a structure, it's important that legislators understand exactly how a bill could affect vital services and operations. When there's no state funding to compensate for new ideas that affect Texas cities, we need to be doubly careful not to affect that autonomy. Knowledge and communication are key to thriving in such a unique environment.

That Texas continues to lead most of the nation on the economy is no accident. Most of the action takes place in our 1,200 plus cities. We're the hub of the Texas Miracle, and the League will be working hard in 2023 to keep it that way!



David Rutledge, CMO
Mayor, City of Bridge City
TML President



By **Bennett Sandlin**, TML Executive Director

As you read this issue of *Texas Town & City*, the 88th Texas Legislature has convened and is hard at work. The 2023 regular session will not end until Monday, May 29, 2023. Between now and then, lawmakers will consider thousands of bills. Unfortunately, many of those bills would, if enacted, erode municipal authority or otherwise limit the ability of Texas cities to carry out the important functions and provide the vital services expected by municipal residents.

Cities, the government closest to the people, embody the idea that "We the People" should be able to continue making decisions based on the needs of each unique community in Texas. Cities provide the services that we cannot do without - services that reflect the will of the local taxpayers and recognize that not all laws are able to be "one size fits all." **Because of the unique patchwork of cities in our state, we must be able to retain our ability to govern locally and continue making decisions that represent the needs of the community.**

With the idea that no two areas in the state are alike, the legislature began creating cities upon statehood to work closely with the community to address local needs more effectively. The locally-elected city councils in those cities decide – based on the needs of their citizens – how to provide appropriate services. Each city is different, and the needs of each community widely ranges. We often say, what works in the Piney Woods of East Texas won't always work in the Great Plains of the Panhandle and that rings true all across the state. But that is what makes our state great – the diversity and unique needs that can be addressed by the government closest to the people.

Cities rarely seek funding from the state, and they typically receive very little from the state. Cities instead need to be allowed to make their own decisions about how to keep their local communities thriving, benefiting the overall success of the state. For these reasons, we created **the Our Home, Our Decisions** campaign to amplify and celebrate the diversity of Texas. I encourage every one of you to get involved with the campaign and use the resources we will continue making available during the legislative session, and after.

Further, this issue of our magazine is a tool to help city officials explain how Texas cities are powerful engines of economic growth, as well as safe and pleasant places for people to grow up, raise families, and retire.

In this issue of *Texas Town & City*, we highlight:

- The sources of municipal revenue and the ways in which the legislature can damage that revenue
- The value of building codes
- Municipal economic development efforts and the ways that property tax caps threaten those efforts
- The status of municipal solid waste programs
- Municipal transportation and public works and the importance of maintaining right-of-way authority, compensation for use of rights-of-way, and funding sources for drainage utilities
- Municipal participation in utility rate cases

- The provision of municipal water and wastewater services, including funding for the State Water Plan
- The connection between infrastructure and revenue caps
- The high cost of providing public safety services
- The importance of annexation authority to the future of Texas cities and to the state's economy
- The ways in which zoning authority protects citizens and their property values
- The importance of libraries and library funding
- The value of municipal parks and recreation programs

Also in this issue is a description of the 2022/2023 TML legislative program, the key feature of which is opposing any legislation that would harm the ability of cities to provide the services and facilities enumerated above.

While some state leaders will try to reduce municipal revenue or chip away at municipal authority, the vast majority of Texans knows that their city leaders are trustworthy stewards and should be allowed to answer the needs of their citizens. To a very great extent, economic growth in Texas is the result of municipal efforts to ensure the availability of infrastructure, the public safety, and the quality of life necessary for job creation. State policymakers should be very reluctant indeed to harm cities, because as our cities go, so goes our entire beloved state.

We look forward to working with you in these important months ahead as we advocate for municipal government in Texas. We're counting on you, our members, to actively help in this mission.

If you have any questions, please feel free to contact a member of the TML legislative department.

To learn more about Our Home, Our Decisions, visit www.ourhomeourdecisions.org.

Thank you for your support and assistance.





MARY M. DENNIS
Mayor, City of Live Oak
2022-2024 TML Risk Pool Board of Trustees Chair

Dear Fellow City Official:

I'm Mary M. Dennis, and I serve as the chair of the TML Risk Pool's Board of Trustees. I've been the mayor of the City of Live Oak since 2010, I serve on the National League of Cities Board of Directors, and you may remember me as president of the Texas Municipal League during 2016-2017.

I'm thankful to each of you for putting your trust in me, and I promise to work hard and stay true to the Pool's mission statement of providing Texas cities "with a stable and economic source of risk financing and loss prevention services."

That mission has been put to the test in recent years. The Pool has incurred losses of over $90 million each with Hurricane Harvey, Winter Storm Uri, the COVID-19 pandemic, and combined wind and hail damage. Past Chair Randy Criswell, city manager in Wolfforth, called those events a series of "gut punches." He's right, but he steadfastly led the Board, and because he did the Pool remains in an excellent financial position.

My goal for my two-year term (which culminates during the Pool's 50th anniversary in 2024) is to share with you the benefits of Pool membership. The Pool isn't about writing checks for losses. We are a partnership, and we help cities through some of the toughest times they ever face.

The Pool formed in 1974 to provide workers' compensation coverage when the private market couldn't. We later added property and liability, and we now provide coverage for more than 95 percent of Texas cities. Those $90 million Pool "losses?" We see them as your city's gain because you use those funds to rebuild your facilities after a storm, help your employees recover from injuries, and more.

I plan to – in the spirit of the Pool's Core Values (Integrity, Public Service, Operational Excellence, Fiscal Responsibility) – canvas the state in support of our partnership. I also ask that you explore the Pool's loss prevention services, which include individual safety consultations and training. My husband served as a San Antonio firefighter for 35 years before his passing, so I'm well aware of the danger that city employees face. That's why we strive to prevent injuries before they become a claim.

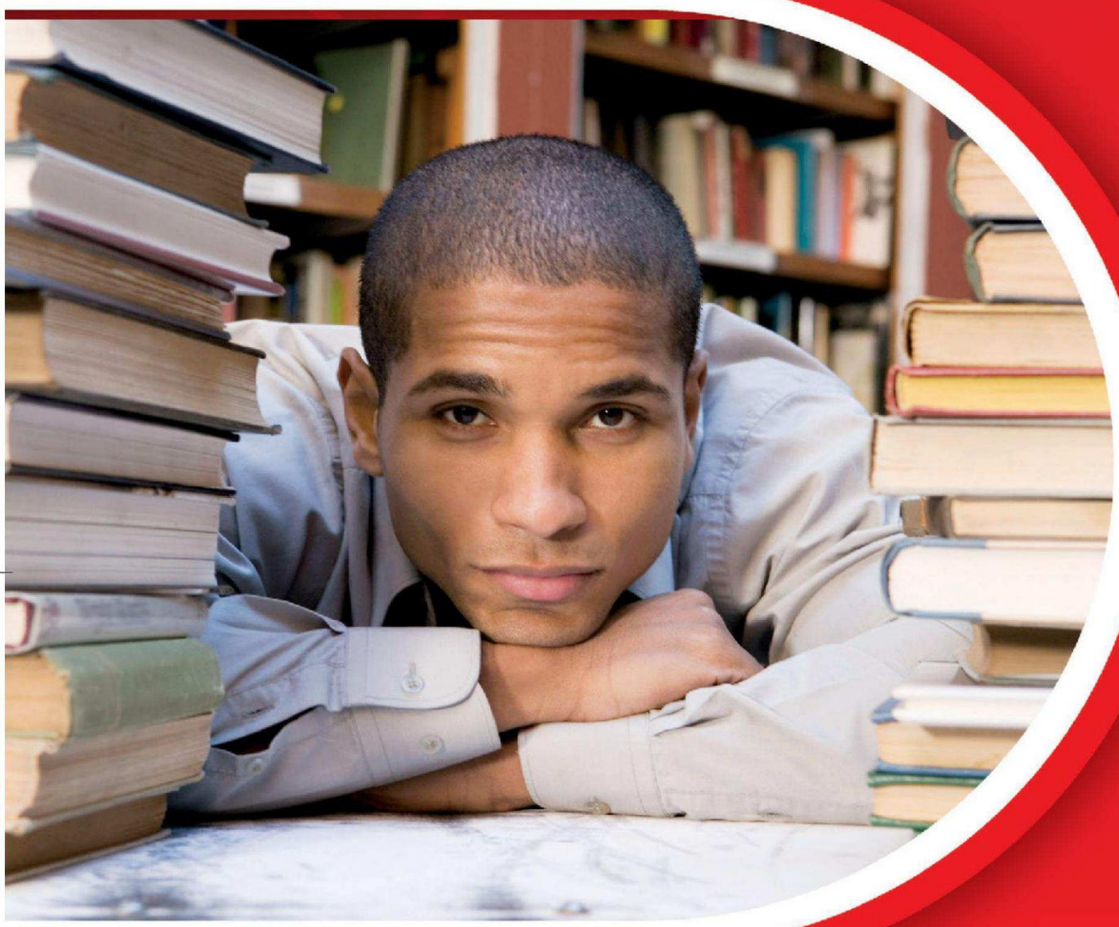
If I don't make it to your neck of the woods, I apologize in advance. But don't worry, we're trying new ways to get the word out. For example, check out the *"Local Officials: Stronger, Together Podcast"* to learn more about important legal issues, the Pool, and the services we provide (go to www.tmlirp.org and click on the STP Podcast button).

Please reach out to your member services manager with questions. I look forward to working with you, so that we stay *Stronger, Together!*

Mary M. Dennis

Mary M. Dennis

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Employee Benefits as a Competitive Advantage in Attracting Talent for Municipal Employers

In a recent survey of more than 150 employers, eight in 10 employers said healthcare costs affect their ability to remain competitive in attracting talent. Nearly three quarters of respondents said rising healthcare prices prevented wage increases. Yet benefits are more important to attracting talent than ever. The Society of Human Resource Management's 2022 Employee Benefits Survey shows employers finding that benefits are even more important to employee recruitment than they were prior to the COVID-19 pandemic. In an environment like this, how can municipal employers use health and voluntary benefits to attract and retain employees?

Most Sought-After Employee Benefits

Healthcare is an important employee benefit, but employees also cite other benefits as important, including:

- Mental health benefits
- Remote work
- Paid time off
- Flexible hours
- Paid family leave

Employees and employers are both beginning to acknowledge the importance of mental health benefits, with one in four workers saying they are highly or extremely stressed, and workers under 35 years of age ranking mental health as their top concern according to a Mercer survey. Mental health benefits can extend beyond medical coverage, with Employee Assistance Programs, dedicated mental health telemedicine lines, and other new offerings to support employee mental health.

Forty-four percent of employees, nearly half, want to work remotely full time. While this isn't feasible for every employer or job, it ranks high on the list of employee desires where it's possible. Remote work, flexible hours, and paid time off are all part of the broader employee desire for work-life balance, and even if employees can't work remote, flexible hours or more paid time off can also support balancing work with everyday life.

Paid family leave is also a highly valued employee benefit. According to the Society for Human Resource Management, the number of employers that offer paid maternity leave is only 34 percent, with 30 percent offering paid paternity leave and 29 percent offering adoption leave. Employer-paid leave and short-term disability coverage can both be part of a work-life strategy for giving employees time to care for and grow their families.

Addressing High Medical Out-of-Pockets

Traditionally, in order to reduce monthly costs of health benefits, employers have to raise deductibles for employees, shifting more costs to them. To reduce the impact of this tradeoff, some employers are beginning to offer targeted supplemental benefits that help address the deductibles and out-of-pocket expenses.

Benefits such as 24/7 accident coverage (for on- and off-the-job accidents) and critical illness insurance to help cover out-of-pocket expenses for injuries and serious diseases like cancer are increasing in popularity, as they can help keep monthly costs for health benefits low by raising deductibles on paper but helping employees cover certain catastrophic expenses.

Benefits Are Still Key in Attracting and Retaining Employees

The right benefits package can help municipal employers stay competitive in hiring and retaining talent to build stronger cities. With good benefit design, creative health benefits packages and some often-overlooked benefits that are increasingly important to employees can be a significant part of this hiring strategy.

About TML Health Benefits Pool

TML Health Benefits Pool offers health benefits created by Texans exclusively for Texas cities and political subdivisions. TML Health brings together hundreds of Texas public entities to leverage collective purchasing power and risk sharing to stabilize the cost of health benefits and deliver the lowest long- term net costs, while offering additional services such as wellness programs, virtual health checkups, telemedicine, and online and phone enrollment. By sharing in the Pool, TML Health's members share the rewards of superior health coverage—lower costs, better health outcomes, and more personalized service. ★









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SMALL CITIES' ★ CORNER



WHAT CAN SMALL CITIES DO LEGISLATIVELY?

The goings-on at the Texas Capitol every two years may seem like a big-city process since the legislature meets in Austin and many of the lobbyists and their firms are based in big cities. But 80 percent of the Texas Municipal League's (TML) member cities are under 10,000 population, and a large number of legislators and their staff have roots in small cities.

The League routinely calls on mayors, councilmembers, and city managers from small cities to testify, make phone calls, or get the word out about all the issues that Texas cities face. With due respect to the larger cities, often times, nothing shouts "credibility" more than a small city mayor engaged on an important issue like telecommunications law or water policy. Texans like to think of themselves as small town and rural at heart, and our legislature is no exception. It's important that city officials from small cities make their voices heard.

With this in mind, the League needs your help mobilizing our membership at key points during the 2023 legislative session. One tool that has proven to be highly effective is the Grassroots Involvement Program (GRIP). GRIP is an online survey that asks how well you know various state legislators, and if you are willing to communicate with those legislators during legislative session.

If you would like to support our advocacy work during the 2023 legislative session, please participate in the GRIP survey by visiting https://bit.ly/GRIP2023.

A heads-up about this program: If you're an official from a small city, it is highly likely that you will be among the first to be called! We mean what we say—small cities matter to TML and to the legislature, and we need you as a partner in our efforts to protect your ability to make decisions for your residents and community.

The best thing you can do as an elected official in a small city is to get to know your state legislators – not just during legislative sessions, but year-round. Give them a call, invite them to city hall, and share your town's concerns and successes. Ask how you can help them. Many of our legislators started out as mayors, councilmembers, commissioners, or school board members. They love to "talk shop."

For a complete list of contact information regarding your representatives, visit the state's "Who Represents Me" website at https://wrm.capitol.texas.gov/home. If you have any questions about the GRIP survey, contact JJ Rocha at jj@tml.org or 512-231-7400. ★

Maintain budget neutrality while implementing needed upgrades

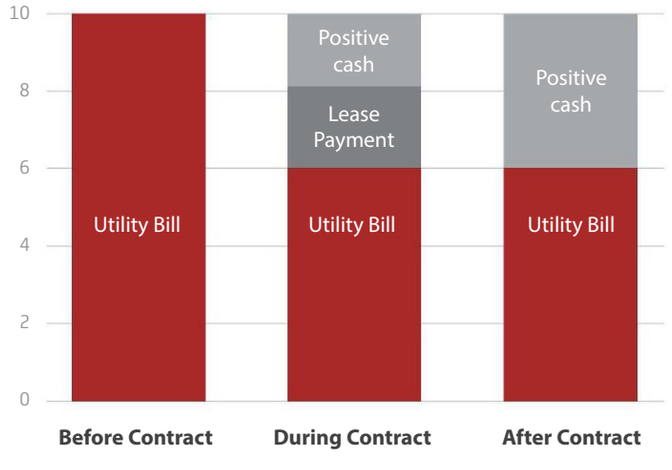


While energy and infrastructure upgrades reduce overhead costs, limited budgets and conflicting priorities can restrict spending that doesn't immediately impact frontline services. Centrica Business Solutions deploys flexible contracting options that enable local governments to maintain budget neutrality while implementing needed upgrades.

- Requires no initial investment
- Uses the energy savings achieved by the infrastructure improvements to finance the cost of upgrades
- Pays for the project over time with the guaranteed annual savings

Download our guide to maximize your energy and infrastructure and accelerate your energy reduction and net zero targets while avoiding three common mistakes:

www.centricabusinesssolutions.com/us/TML



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LEGAL ★ Q&A

By **TML Legal Staff**

Q. What is the Texas Municipal League's legal services department?

A. The League's legal services department provides general guidance to city officials on legal issues. The League hired its first lawyer in the 1950s. Since that time, the legal services department's staff has expanded to meet the growing needs of our member cities. Under the direction of the TML Director of Legal Services, the current staff of four attorneys, a part-time law clerk, and a legal assistant performs numerous functions for the League's member cities. The main role of the department is to answer inquiries from the elected and appointed officials of the League's member cities about legal issues within their official responsibilities.

Q. What is the background of the department's attorneys?

A. The attorneys have diverse backgrounds. One worked previously for the Texas attorney general's office, two have worked in-house for cities, one has also worked in private practice for a municipal law firm, another has worked as an attorney with the Texas Legislative Council, and one worked as a research attorney for a Texas membership association.

Q. What is the most important service that the department provides?

A. The legal services department's key service is responding to legal inquiries from member city officials. The legal staff responds to hundreds of phone calls, emails, and letters each week. In fact, over the last five years, the attorneys have provided legal advice to more than 75 percent of the League's more than 1,175 member cities. The inquiries range from simple questions to consultations on cutting-edge legal matters.

Q. How does the legal department support the League's legislative activities?

A. The legal staff provides support for the TML legislative services department on legislative matters throughout the legislative sessions, and during the interim. That support includes legal research, bill analysis, drafting of legislation, and testimony on city-related bills, among other things. During the 2021 regular session, TML attorneys reviewed and analyzed more than 6,900 bills and resolutions, and provided written testimony on bills before many committees of the Texas Legislature.

Q. What other services does the department provide?

A. The legal staff performs various other functions, including:

- Writing and updating numerous handbooks including the TML *Home Rule and General Law Handbooks*, the TML *Revenue Manual*, and the *Economic Development Handbook*. For the last update, the legal staff incorporated approximately 200 bills and dozens of other legal changes into the handbooks.

- In association with the Texas City Attorneys Association, providing "amicus curiae (friend of the court)" briefs in both state and federal appellate court cases and on attorney general opinion requests that could adversely affect our member cities. Over the past three years, TML has filed over 20 amicus curiae briefs.

- Preparing legal question-and-answer columns like this one and other articles for *Texas Town & City* magazine.

- Researching and writing articles for the *TML Legislative Update*.

- Conducting the "Agency Watch" program, which consists of monitoring 50 state agencies for any rulemakings or other actions that may adversely affect our member cities, and participating or filing comments when appropriate.

- Preparing materials for the TML website.

- Preparing materials for and presenting at numerous TML and TML affiliate workshops, small cities' problem-solving clinics, and other seminars, as well as providing speakers with expertise in city issues to other organizations. Over the past year, TML lawyers have spoken at many workshops and seminars.

Q. How do I contact the legal department?

A. The legal staff is available for phone consultation at 512-231-7400 from 8:00 a.m.-5:00 p.m. Monday through Friday. The most common way that city officials submit inquiries is through emails to legalinfo@tml.org. A great deal of information is also located on the "Legal Research" tab found under the "Policy" section of the League's website at www.tml.org.

Q. What else do I need to know about the legal department?

A. City officials should remember that the League's attorneys serve as a resource to provide general guidance on legal issues. We do not directly represent your city, and our legal guidance should never be substituted for that of your local counsel. ★



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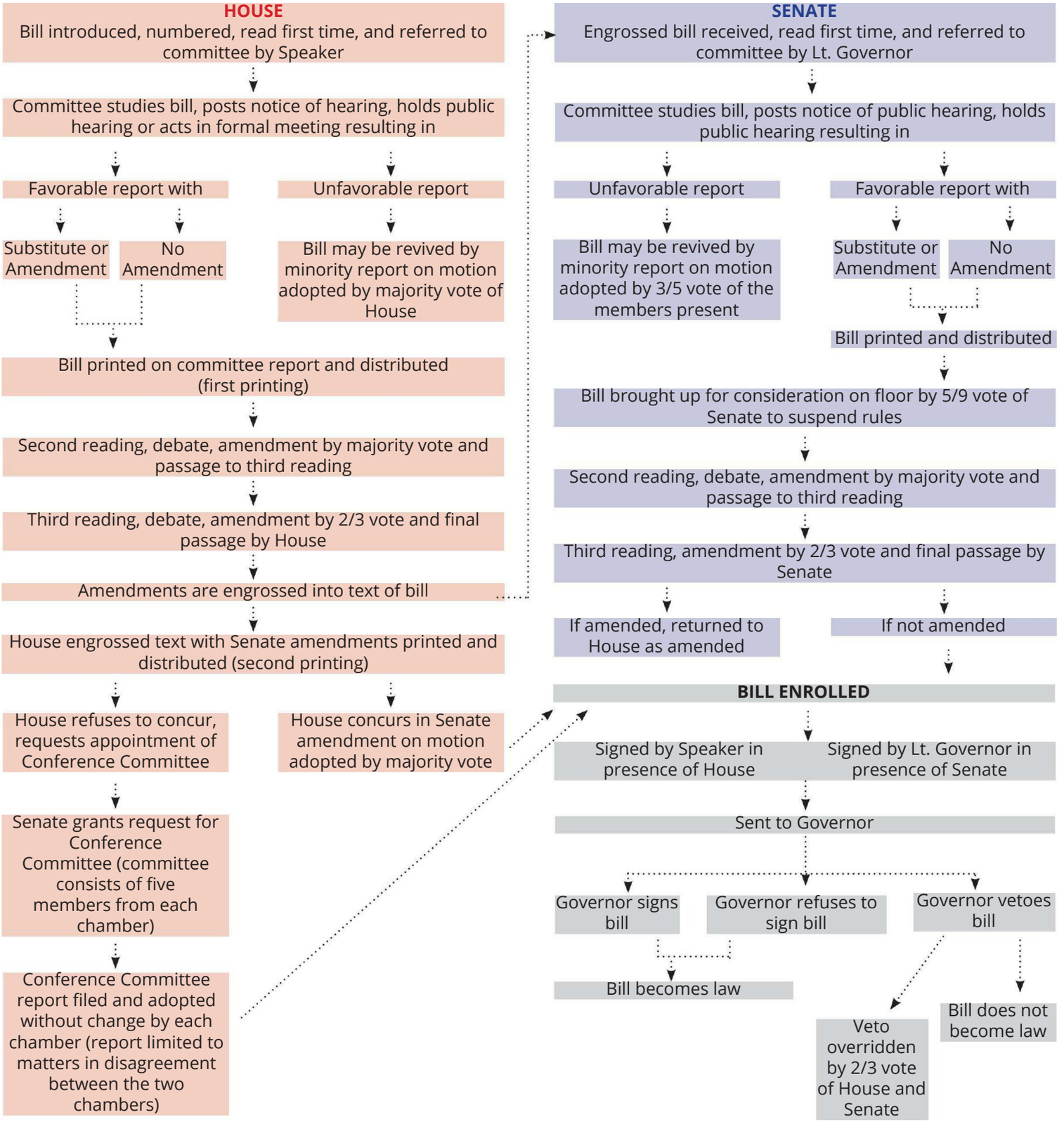
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Principal Office: Austin, Texas. The attorney responsible for the contents of this advertisement is Carmen Perez.

THE TEXAS LEGISLATIVE PROCESS FOR HOUSE BILLS AND RESOLUTIONS

This diagram displays the sequential flow of a bill from the time it is introduced in the house of representatives to final passage and transmittal to the governor.





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CITY PROPERTY TAXES: TREMENDOUS BANG FOR THE BUCK

Texas cities depend heavily on property tax revenue. Property taxes help fund many of the services that residents demand including police, fire, streets, and parks. But as Chart 1 shows, city property taxes constitute a small portion of a typical homeowner's property tax bill.

How do Texas cities provide so many services with such a small share of a typical property tax bill? Is it with financial help from the state? Not quite.

Unlike other states, Texas provides no general-purpose state aid to cities to help pay for streets, public safety, or other city services. The state forces cities to generate their own revenue. That's why (as the chart below shows) per capita state tax revenue is relatively low, while per capita local tax revenue is comparatively high.

But Chart 2 focuses on "local governments" (cities, counties, schools, and districts). What about cities only? For this information, we turn to a publication of the National League of Cities (NLC), Cities and State Fiscal Structure.

One section of this report tabulates, for each state, a statistic the authors refer to as "own-source capacity." This is a measurement of the extent to which decisions made by city officials actually determine the city's fiscal direction. Since Texas cities take care of themselves without intergovernmental aid, it comes as no surprise that Texas ranks second in the nation in municipal own-source capacity.

Chart 1

Distribution of Property Tax Collections

Source: Texas Comptroller's Biennial Property Tax Report

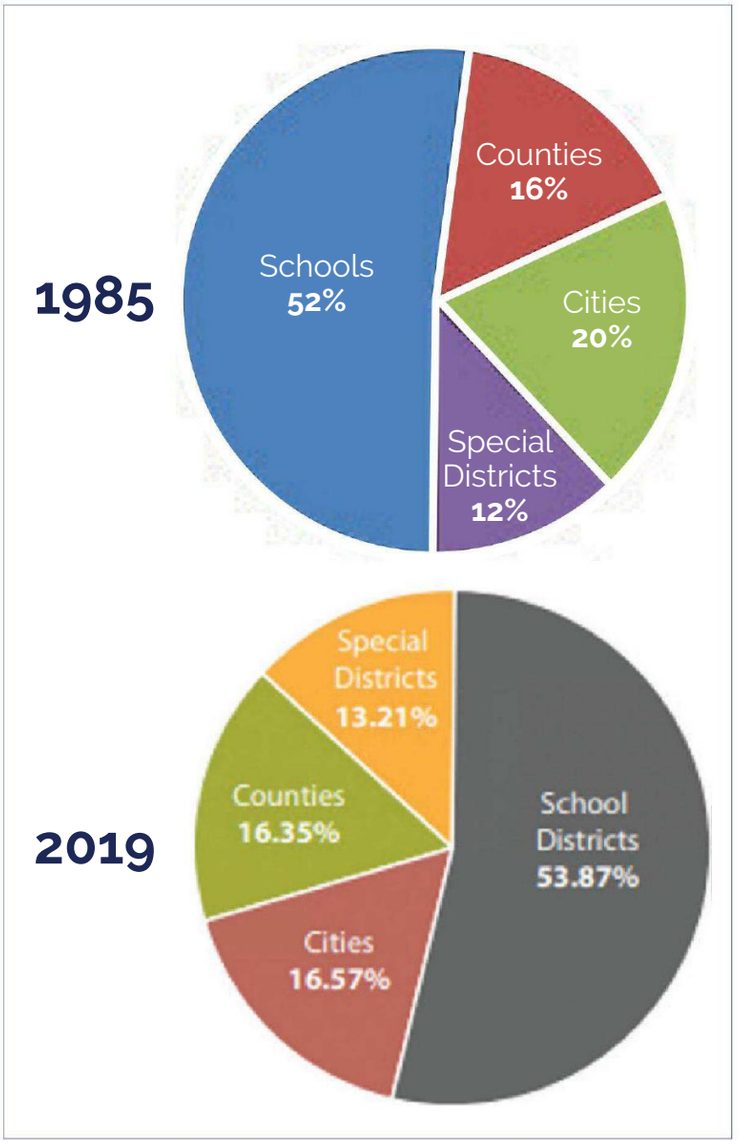


Chart 2

State and Local Government Tax Revenue, 2018

Source: U.S. Census Bureau

	U.S.	Texas
Per capita state and local	*$5,384*	*$4,470 (29th)*
Per capita state	*$3,126*	*$2,102 (49th)*
Per capita local	*$2,258*	*$2,368 (13th)*
Percent local	*41.9%*	*53.0%*

The flip side of that coin, however, is the report's measure of state aid to cities. Here again, the NLC report replicates previous research: Texas trails only Georgia, Oklahoma, and West Virginia in state aid—the share of municipal revenue that comes from state government sources.

These two findings of the NLC report once again establish these facts: (1) the State of Texas relies very heavily on Texas cities to generate the revenue necessary for municipal facilities and services; (2) the state gives cities the capacity to generate that revenue; but (3) the state gives cities virtually no state financial aid.

In addition to forcing local governments to generate comparatively large amounts of tax revenue, the State of Texas also forces those local governments to rely too heavily on property taxes. It does this by denying them other revenue sources. While this is especially true for public schools which rely almost exclusively on property tax, it is also true for cities and counties. In fact, of the $2,368 shown in Chart 2 as per capita local government tax revenue in 2018 in Texas, a whopping $1,968 (83.1 percent) came from the property tax.

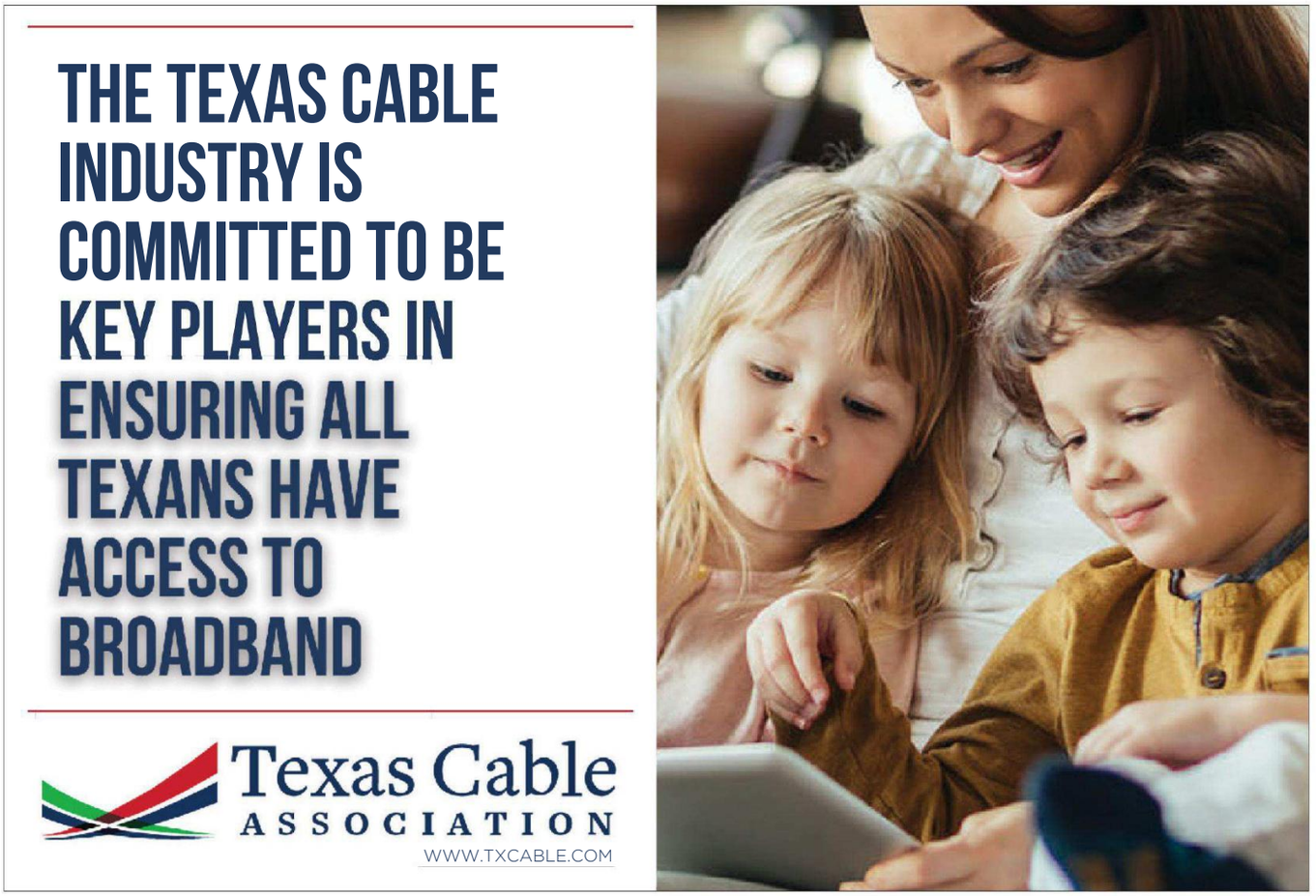
These two fiscal conditions, which create the property tax mess in Texas, are unlikely to change unless the State of Texas takes one (or both) of two actions:

1. Inject more state money into public services and facilities, especially public schools. This means even more state revenue than was provided through past school funding efforts.

2. Open more revenue sources for counties and cities.

Additional attempts to reduce the property tax burden in Texas will either be ineffective or will create unintended, negative consequences.

In a nutshell:
(1) Texas cities provide vital services that benefit their citizens;
(2) Texas cities provide those services with less aid from the state, as compared to other states; and
(3) Texas cities manage all of this despite a very small share of the total property tax levy and with reasonable annual increases in those taxes. ★



WHERE DO TEXAS CITIES GET THEIR MONEY?

City government is where the rubber meets the road. Cities pave our streets, fight crime and fires, prepare us for disaster, bring water to our taps, take our trash away, build and maintain our parks—the list goes on and on. These services cost money. This article describes the sources of municipal revenue and expenditures.

A 2022 Texas Municipal League survey shows that municipal general fund revenue in Texas is made up of the following sources:

General Fund Revenue

Conspicuously absent from this list is financial assistance from the state. This is unusual—most states provide direct financial assistance to cities in recognition of the fact that cities provide basic services on which the entire state depends.

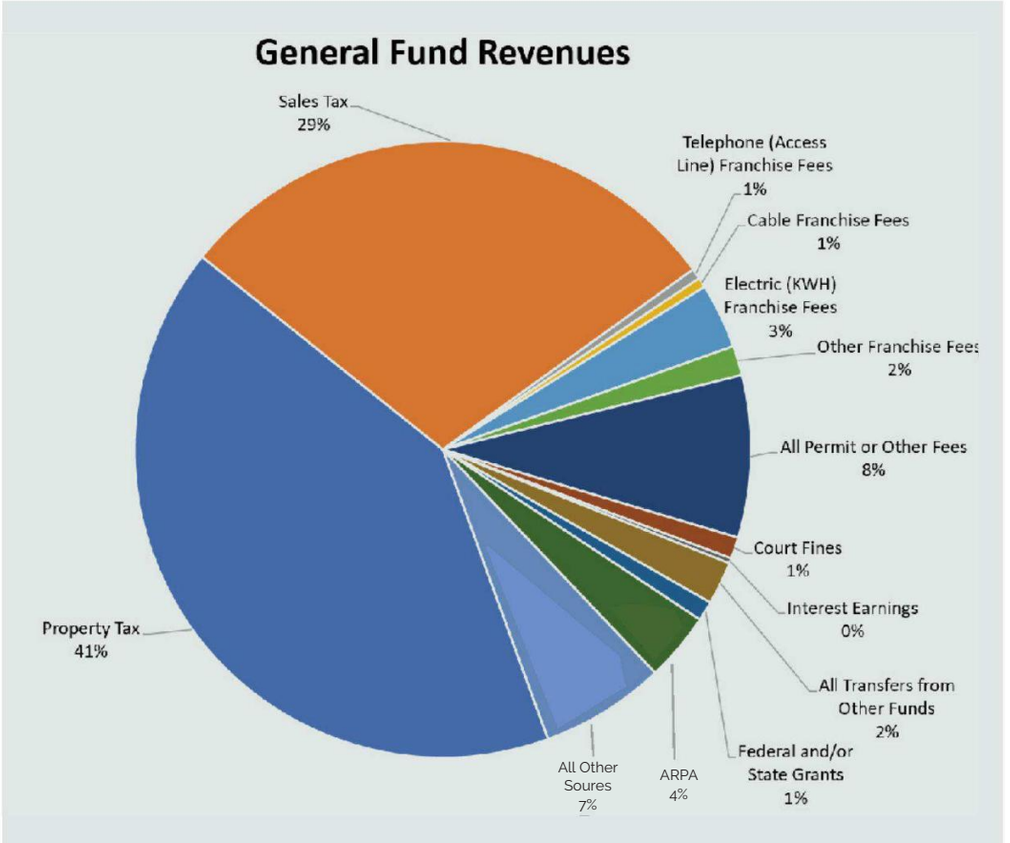
Instead of revenue, Texas cities receive something equally important from the state—broad authority to govern themselves, including the authority to raise their own revenue. This local authority has worked to the benefit of cities and the state for many decades and should continue into the future.

Here's more information on each source of municipal revenue:

Property Taxes

Property taxes are the leading source of city revenue. Though crucial to city budgets, city property taxes make up just a fraction of a property owner's total property tax bill.

Most cities under 5,000 population have statutory authority to levy property taxes at a rate of up to $1.50 per $100 of assessed value. Most cities over 5,000 population have statutory authority to levy property taxes at a rate of up to $2.50 per $100 of assessed value. Despite this broad authority, the average city property tax rate was only $.53 for tax year 2018.



City property tax levies are tied by law to fluctuating property tax values. As values increase, the city must adjust its rate or face potential rollback elections. In reality, such tax rollback elections are rare. City rates have held relatively steady for years, both in terms of actual rates and in terms of total levy as adjusted for inflation and rising income.

Sales Taxes

Sales taxes are a major source of city revenue. Nearly 93 percent of Texas cities levy a basic one-cent city sales tax. The revenue can be used for any purpose other than payment of debt. Many cities, though not all, also impose additional sales taxes in varying amounts of up to one cent. These additional sales taxes are known as dedicated taxes, because their proceeds may be

spent only for certain purposes. Some popular dedicated sales taxes include mass transit, economic development, street maintenance, property tax relief, and sports venue taxes. All city sales taxes, including the basic one-cent sales tax, require a local-option election of the citizens. Collection of sales taxes is performed by the Texas comptroller, who "rebates" the city share on a monthly basis. The comptroller retains a small portion of the city tax revenue to cover the state's administrative costs.

Right-of-Way Rentals

When utilities and other industries use city property to distribute their services, cities are permitted by law to collect rental fees, also known as "franchise" fees, for the use of public property. Franchise fees are calculated by various methods, depending on industry type.

Permits and Fees

Cities may collect fees for issuing permits for building construction, environmental regulation, and other services. Because cities incur costs to regulate in these areas, the permit fees must be tied to the cost of providing the service.

Court Fines

A city that operates a municipal court may impose fines for violations of traffic laws and city ordinances. Maximum fines typically range from $200 for traffic violations, and up to $2,000 for city ordinance violations relating to health and safety. Much of a city's fine revenue offsets the costs of law enforcement and operation of the municipal court system.

Interest Earnings

When a city invests its funds, it must closely follow the mandates of the Public Funds Investment Act. Because of the twin concerns of safety and liquidity, investment income is a relatively small source of city revenue.

Transfers from Other Funds

Many cities operate utilities and other optional services that generate substantial gross revenues. By law, the fees for such services must closely offset the cost of providing the service. In addition to the cost factor, cities are permitted to retain a reasonable "return," which can then be transferred to the general fund. This return amounts to less than six percent of overall city revenue.



Putting Local Debt in Context

The story about debt coming out of certain Austin think tanks goes something like this: the state has its fiscal house in order, but local governments are greedy, profligate spenders running up the taxpayers' credit card. It's a powerful narrative, but it isn't true.

A recent report issued by the Texas Bond Review Board shows total outstanding state and local debt for the past few years. From 2017-2021, total outstanding local debt increased from $218.98 billion to $266.38 billion, a 21.6 percent increase. Meanwhile, total outstanding city debt increased from roughly $71 billion to $84 billion, an 18 percent increase during the same time frame. For the same period, total outstanding state debt increased from $53.01 billion to $63.21 billion, a 19.24 percent increase. In other words, local debt (and city debt) is increasing at a similar pace as state debt in recent years.

At $266.38 billion, the amount of total local debt is certainly significant. However, only a small portion of that—$34 billion—is tax-supported city debt. Another $42 billion is city debt supported by the revenues of city utilities and not by property taxes. The largest portion is tax-supported school district debt at $87 billion.

School funding is a constitutional obligation of state government. The state has chosen to discharge that obligation by creating local school districts that levy the needed taxes. In reality, the $87 billion of school district debt ought to be thought of as a state debt because that's how the state has chosen to fund schools. Shift that $87 billion over to the state debt column and a vastly different picture about which governments may be falling dangerously into debt emerges. In any event, the numbers clearly show that it isn't Texas cities.

The recent focus on local debt (despite the fact that state debt is growing faster) likely relates to the reality that Texas state government, for better or worse, has gotten out of the business of building new state infrastructure with state dollars. Instead, locals are expected to pick up the slack for things like roads and reservoirs.

Consider the water funding proposition that passed in November 2014—it ultimately spends zero state dollars. Instead, through the use of a revolving fund, it *encourages cities to take on debt* to build our state's important reservoirs and other water projects. This is a perfect example of the state essentially forcing locals to take on debt to do the state's work, then blaming the same locals for having taken on the debt in the first place.

Texas cities are willing to partner with state government to build infrastructure in our great state, but should not be considered scapegoats in that partnership. ★

Did You Know?

Many people mistakenly believe that cities derive substantial general revenue from their courts. In reality, the first $84 of most traffic tickets goes directly to the state. What's left over, if any, can be used by the city. Unfortunately, city courts are increasingly being used as a backdoor revenue source for the state.

Other Sources

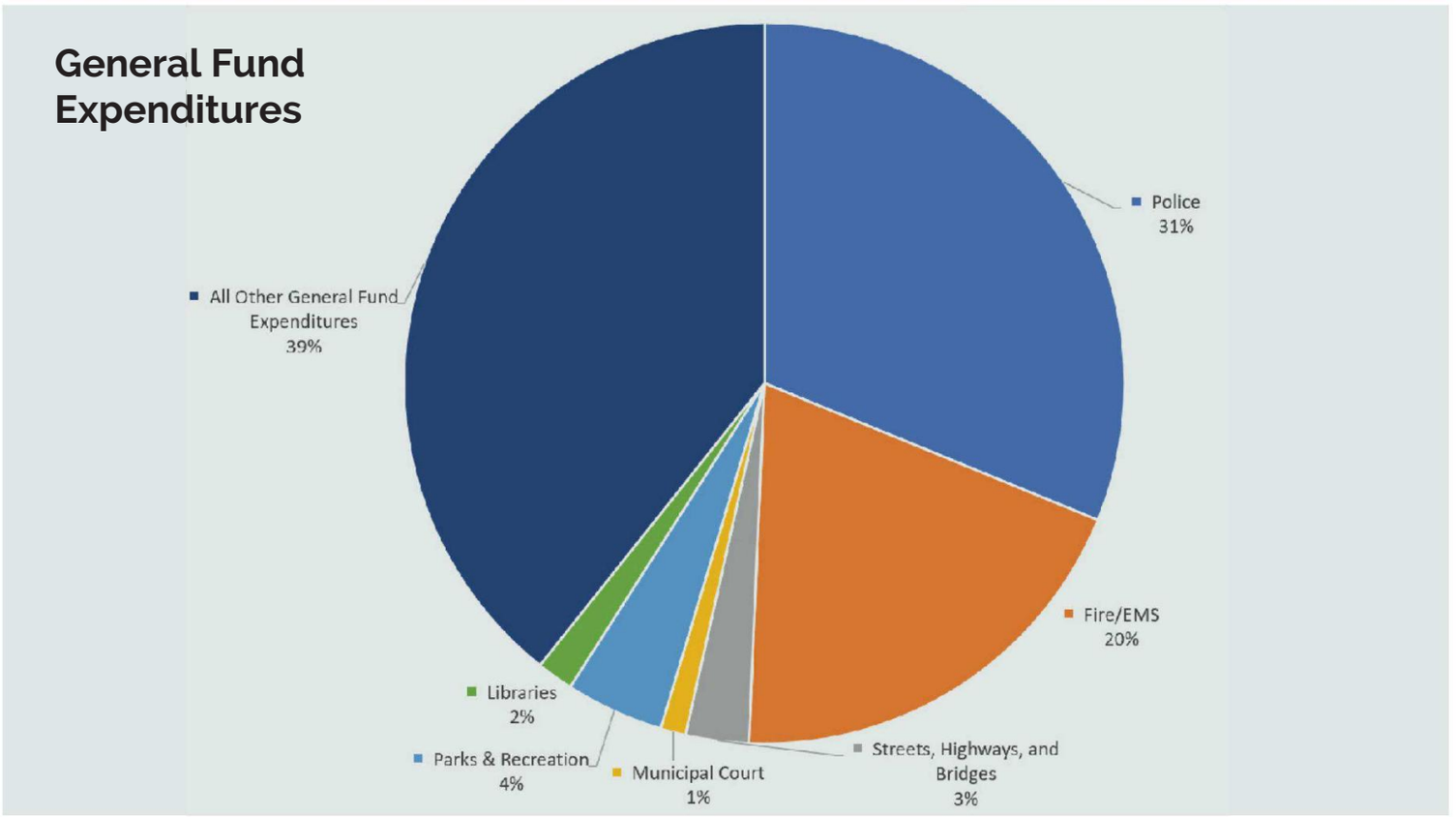
City revenue can take various other forms, including user fees for some services, amusement taxes, and hotel occupancy taxes.

The Bottom Line

The state could put municipal revenue at risk in at least two ways. First, the state could increasingly look to cities for revenue to fund state programs. When a state provides direct financial assistance to its cities, such trading of revenue might be workable. Texas is not such a state. Texas cities receive virtually no direct funding from the state, and cannot afford to fund the state's obligations. Second, the state could erode the statutory authority under which cities raise their own revenue. While cities are indeed subservient to the state, city officials hope that the respectful nature of the fiscal relationship between Texas cities and the state will continue for years to come.

Expenditures

Core city services like police, fire, and EMS account for the majority of expenditures in a survey conducted by TML. In addition, cities spend revenue on streets, municipal courts, parks, and libraries. "Other Expenditures" in the survey include primarily administrative and personnel costs.


General Fund Expenditures
Police 31%
Fire/EMS 20%
Streets, Highways, and Bridges 3%
Municipal Court 1%
Parks & Recreation 4%
Libraries 2%
All Other General Fund Expenditures 39%


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CRACKING THE CODE:
CITIZEN SAFETY AND PROTECTION OF PROPERTY VALUES

The building code of 4,000 years ago was simple but brutal. According to an ancient Hammurabi code, "[i]f a builder builds a house and does not make its construction firm, and the house collapses and causes the death of the owner, that builder shall be put to death."

The first building codes in the United States, established in 1625, addressed fire safety and specified materials for roof coverings. In 1630, Boston outlawed wooden chimneys and thatch roof coverings. In the late 1770s, George Washington recommended height and area limitations on wood frame buildings in his plans for the District of Columbia. In 1788, the nation's first-known formal building code was written in Winston-Salem, North Carolina. Larger United States cities began establishing building codes in the early 1800s.

Today, most populous cities in Texas have adopted modern construction codes. The professionals enforcing current building codes in Texas maintain the vigilance of the ancient code of Hammurabi, but with a significantly more civilized approach that emphasizes knowledge and education. Building code regulations enforced in Texas cities ensure minimum standards for safe homes, schools, workplaces, and other buildings.

Scott McDonald, Denton's director of development services, points out that "during these tough economic times, the enforcement of construction codes is even more important." According to McDonald, "The active enforcement of construction codes not only provides a minimum standard for the structural and life safety components of the homes, schools, churches, and businesses, it can also provide energy efficiency standards."

"Buildings constructed to meet updated codes and energy efficient standards protect property values for years into the future, [and] they provide a sustainable stock of housing and commercial options in a community," he adds.

Prior to 2001, Texas had no statewide standard for any residential or commercial buildings. Each city chose which, if any, building codes to adopt for construction within the city limits, and each city amended its code to meet local concerns.

In 2001, the Texas Legislature adopted the International Residential Code (IRC) and the National Electrical Code (NEC) as the standard building codes for residential construction in Texas cities. However, cities were authorized to make amendments to these codes to meet local concerns. Also in 2001, the Legislature adopted energy efficiency standards for residential, commercial, and industrial construction.

More recently in 2021, the Texas Legislature enacted House Bill 738, which provides that the 2012 versions of the IRC and IBC are the official residential building code and commercial building code in this state. However, the bill authorizes a city to establish procedures to adopt local amendments "that may add, modify, or remove requirements" set by the codes in the IRC and IBC, above, but only if the city: (a) holds a public hearing on the local amendment before adopting the amendment; and (b) adopts the local amendment by ordinance. House Bill 738 also recodifies the provisions that prohibit a city from enacting a policy requiring the installation of a fire sprinkler protection system in a new or existing one- or two-family dwelling, but excepts from the prohibition mentioned above, a city that has enacted a policy requiring the installation of a fire protection sprinkler system in a new or existing one- or two-family dwelling on or before January 1, 2009.

In 2005, the Legislature adopted the International Building Code (IBC) as the municipal building code in Texas for commercial and multi-family construction. Nothing in the bill prohibited a city from adopting local amendments to the IBC. Later sessions included revisions to the International Energy Conservation Code.

Uniform building codes can make construction and inspection easier and more cost-effective. However, because Texas is a vast state with many different climates and topographical features, uniform codes serve only as standards, and each city should be allowed to amend its codes to meet that city's needs.

In 2019, the Texas Legislature adopted House Bill 2439, which impacts a city's ability to control building materials or construction methods of residential or commercial buildings within the city. Although cities can continue to adopt amends to the building codes that do not conflict with House Bill 2439 and can have limited control over building materials or construction methods if done pursuant to a written agreement, the reality is that cities now have much less authority over building materials and aesthetic methods than they did prior to 2019.

In 2021, the legislature passed Senate Bill 1090, which among other things, created an exception for Dark Sky Communities from certain regulations regarding the use of building materials. Specifically, the bill allows those cities that have adopted a resolution stating the city's intent to become certified as a Dark Sky Community to regulate outdoor lighting in a manner required to become certified. In addition, the bill created an exemption for a city that implements a water conservation plan or program that requires a standard for a plumbing product, or if the Texas Water Development Board requires the use of a standard for a plumbing product as a condition for a TWDB program.

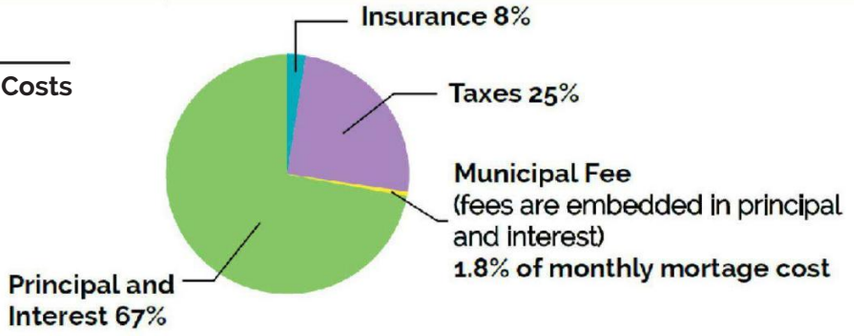
Under most cities' codes, a person who wishes to build a structure must apply for a permit. City officials review the necessary information and issue a permit if the structure complies with that city's regulations. The amount of time needed to review

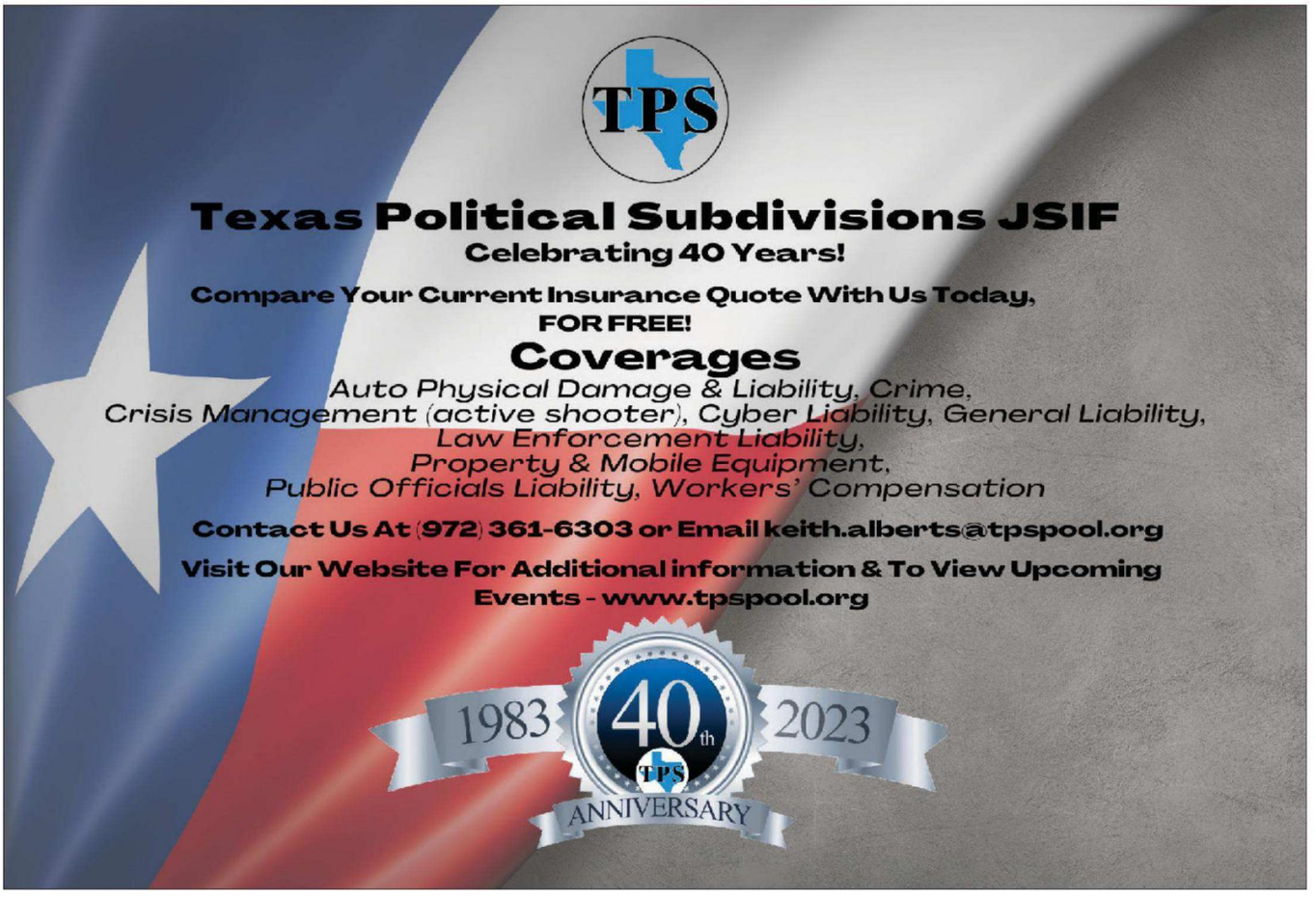
the permit application varies from city to city and from project to project based on several factors, including the complexity of the city's code and the project. Because of many issues affecting each individual city and building project, a blanket requirement that a permit be issued in a certain amount of time would place an untenable burden on city building officials.

Similarly, building permit fees vary widely based on several factors, including the number and type of inspections and the sophistication of the city's permitting process. While some have claimed that city fees are responsible for the rising costs of housing in Texas, a survey commissioned by the Texas Municipal League shows that building and inspection fees constitute only a tiny fraction of a homebuyer's mortgage payment (see Chart 1). A city is not limited by statute as to the amount the city can charge for building and related permits, but a city cannot charge more than is reasonably related or necessary to administer the permitting process as that could be deemed an unconstitutional tax. Additionally, House Bill 852, which was adopted by the Legislature in 2019, prohibits a city from basing its building permit fees on the cost of a proposed structure. Specifically, a city, in determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling, may not consider: (1) the value of the dwelling; or (2) the cost of constructing or improving the dwelling. As a result, cities have opted to use square-feet based fees, a flat fee schedule, or other non-cost-based and reasonable calculations to determine reasonable permit fees. ★

Chart 1

The Role of Municipal Fees in Monthly Mortgage Costs
(Average of Eight Representiative Texas Cities, 2003)







CITY ECONOMIC DEVELOPMENT

Texas cities are the first—and often the only—engine of economic development in the state. Until the controversial Texas Enterprise Fund was created, cities were the only entity that routinely granted incentives necessary to attract new business to the state. With the Enterprise Fund up and running, larger cities have partnered with the state to attract such major developments as a Texas Instruments facility and a Toyota plant. Smaller cities are usually on their own to attract business.

Until the late 1980s, using city resources to attract business was arguably unconstitutional. However, in 1987, Article 3, Section 52-a of the Texas Constitution was added to make it clear that economic development serves a public purpose. From that point on, three major channels of city economic development began to open for cities: Chapter 380 agreements; the Type A/Type B economic development sales tax; and property tax incentives.

Chapter 380 Agreements

Chapter 380 of the Local Government Code authorizes cities to establish programs for grants and loans of city resources for economic development purposes. Although it is the broadest economic development tool for cities, Chapter 380 is often overlooked in favor of other incentives. Cities using 380 agreements must be careful not to simply present a blank check to business and industry prospects; a program providing for checks and balances on a business's use of Chapter 380 money is required by law. Examples of these checks and balances might be performance agreements tying grant money to the creation of a certain number of jobs or requiring the business to stay in the city for a certain length of time.

Type A/Type B Economic Development Sales Tax

More than 500 Texas cities have adopted a Type A or Type B economic development sales tax. Some cities have both taxes. The tax was created in 1989 and authority to spend Type A/Type B tax money gradually expanded over the next decade to cover all forms of commercial, retail, and traditional industrial economic development. An important bill, House Bill 2912, passed in 2003. House Bill 2912 scaled back the authority of some Type A and Type B economic development corporations. Following the passage of House Bill 2912, the economic development sales tax could no longer be spent on retail, commercial, or service industries. Instead, the tax could be spent on basic industrial and manufacturing businesses, among a limited amount of other authorized expenditures. The authority for some, but not all, Type B corporations to engage in retail, commercial, and service economic development was restored in 2005.

The Type A/Type B sales tax remains an important economic development tool for many cities that have the available land and workforce to attract industry. Additionally, instead of a Type A or Type B economic development sales tax, some cities have adopted a municipal development district (MDD) sales tax that may be levied in a specified area in the city or in the city's extraterritorial jurisdiction. The MDD sales tax closely resembles the traditional economic development sales tax, and the scope of projects that may be funded with an MDD tax is slightly broader. There are some key differences in how an MDD is administered as compared to an EDC; however, including a bit less statutory clarity on the city's oversight of an MDD.

Property Tax Incentives

Property taxes may be directly tapped to promote economic development in two ways: tax abatement and tax increment financing. Both function by either forgiving (abatement) or dedicating to improvements (increment financing) any **net increase** in property tax revenue as a result of a business moving to town or upgrading existing facilities. Property tax incentives can never forgive or decrease the present taxable value of the land and facilities upon which they are granted. This key feature of the incentives—that all current taxes must continue to be paid—belies the common stereotype that tax incentives are "giveaways." On the contrary, when done properly, tax incentives create new taxable value that never would have come to town absent the incentive, thus lowering the overall tax burden on other properties. ★

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CITIES KEEP THE GARBAGE FROM PILING UP

Did You Know?

Texas cities have been authorized to provide or contract with a private company to provide garbage collection services within city limits since 1971. Texas law recognizes that this authority is essential to preserve the public health and safety of all the residents of a city. Uncollected garbage can easily result in various health problems. This law routinely comes under attack from certain groups, but the bottom line is that timely, efficient, and effective garbage collection through city service prevents problems from occurring. Open piles of garbage attract disease-carrying rodents and insects, and often wash into drainage systems where they contribute to floods and waterborne disease.

Garbage collection and disposal is one of the most recognizable and widely used city services. This vital service protects the public health and the environment. A city can choose to operate its own garbage collection and disposal system or grant a franchise to a private company (or companies) to handle those tasks.

"If future generations are to remember us with gratitude rather than contempt, we must leave them something more than the miracles of technology. We must leave them a glimpse of the world as it was in the beginning, not just after we got through with it."
-President Lyndon B. Johnson

Waste generation is a function of two variables – population and economy – both of which are growing in Texas. In Texas, the definition of "municipal solid waste" includes waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities including garbage, rubbish, ashes, street cleanings, dead animals, abandoned autos, and all other solid waste other than industrial solid waste. According to the Texas Commission on Environmental Quality (TCEQ), Texans disposed of approximately 38.23 million tons of municipal solid waste in 2021. That's about 7.09 pounds per person per day, a slight increase from the 2020 rate of 6.82 pounds. During this period, the state's population increased by 0.57 percent.

Texas Total and Per Capita for MSW Landfill Disposal

Source: TCEQ, Municipal Solid Waste in Texas: A Year in Review - FY2020 Data Summary and Analysis (September 2021)

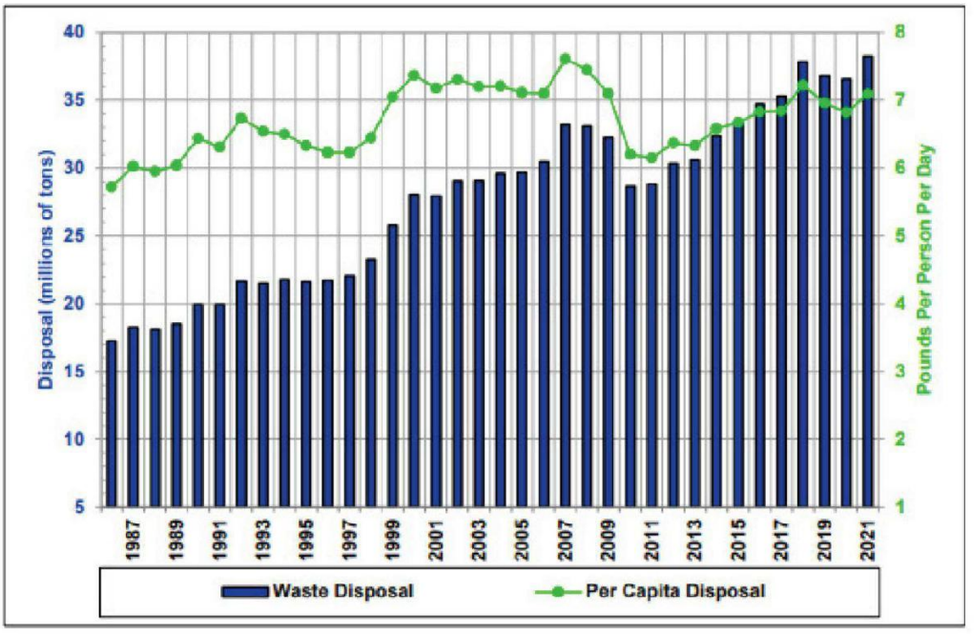


Figure 3. Texas MSW Landfill Disposal Tons and Per Capita Disposal Rate

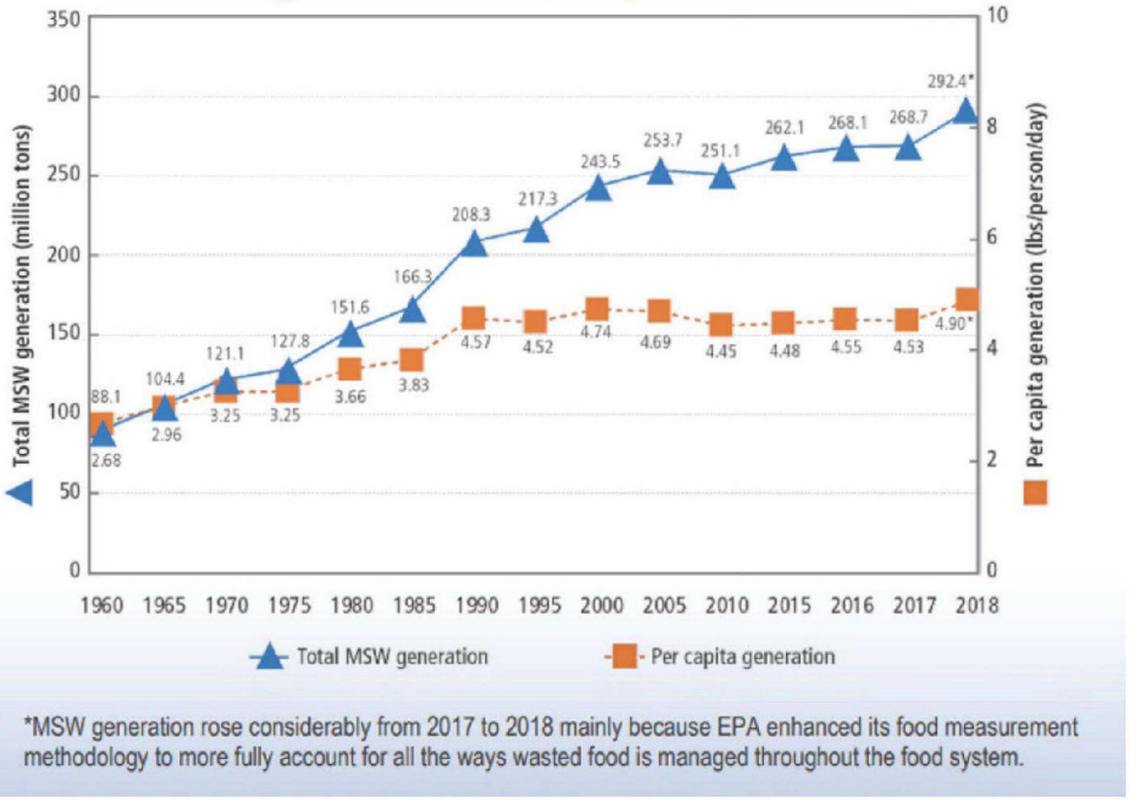
"Unless someone like you cares a whole awful lot, nothing is going to get better – It's not."
-The Lorax by Dr. Seuss

Cities have statutory authority to offer recycling programs to their citizens. Recycling helps reduce the production of solid waste that a city must dispose of and reduces the costs of operating a municipal solid waste disposal system. In addition, recycling may also create more jobs than disposal programs do. Of course, statewide recycling mandates wouldn't take into account the various factors that make different parts of Texas unique, so recycling should be implemented locally in a way that is appropriate for each city. ★



Recycling of Municipal Solid Waste (MSW) in the United States 1960 – 2018

Figure 1. MSW Generation Rates, 1960 to 2018*



*MSW generation rose considerably from 2017 to 2018 mainly because EPA enhanced its food measurement methodology to more fully account for all the ways wasted food is managed throughout the food system.

Where Does It Go After I Place It at the Curb? How Much Does This Service Cost?

After household garbage is collected, it often goes to a facility known as a transfer station where waste is consolidated into larger loads for shipment to its ultimate destination: a landfill or a waste-to-energy plant. Recyclable material goes to processing facilities where it becomes raw materials for new products.

In 2018, 50.0 percent of municipal solid waste generated in the United States was ultimately disposed of in landfills; 11.8 percent was disposed of through waste incineration with energy recovery; and 32.1 percent was recovered for recycling or composting.

According to data collected by the National Solid Wastes Management Association, the typical U.S. monthly household bill for waste collection in 2003-04 ranged between $12 and $20 per month. The cost of governmental compliance and the rising costs of fuel and equipment has led to an increase in the costs of collection and disposal in some communities. However, even with such increases, residential trash collection and disposal is still inexpensive relative to other utilities and household services, such as cell phone bills and cable television.

Collection and disposal costs have gone up in some communities for various reasons including the rising costs of fuel and equipment, as well as the rising costs of complying with new environmental regulations. Despite these increases, residential trash collection and disposal is still a bargain for United States consumers when compared to other utilities and services like cellular phone and cable television service.

Hear What Our Members Are Saying About Us!





"By switching to TML Health, we were able to save around $37,000 and give raises to employees that they hadn't seen in some time.

MELISSA GONZALES
Taft's City Manager



"TML Health allows us to offer an incredibly competetive benefits package to employees. Seminole is able to cover at 100% and still be in our municipality's budget.

MARY FURLOW
Seminole's Finance Director



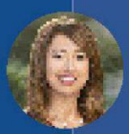
"MDLIVE is great. I'm a mom and I didn't have to go anywhere.

LINDA ESPARZA
Taft's Accounts Payable Clerk



"It seems too good to be true, and that's what I thought at first too when our HR Manager said it was available. If you can, give it a try. It actually does what it says it does which is pretty awesome.

NICK NEWELL
Manvel's City Systems Administrator



"One of our employees went to the Catapult Screening and discovered they had something severe. They took immediate action and are better now.

ELENA QUINTANILLA
Ransom Canyon's City Administrator

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PUTTING THE "WORKS" IN PUBLIC WORKS

Streets and Traffic

Citizens expect to travel easily from one place to another and want their commute to be problem-free. A city's public works department makes that possible. Public works employees are constantly striving to keep driving conditions safe by building, maintaining, and repairing city streets. These efforts are not limited to streets, but also include streetlights, sidewalks, and other infrastructure that is crucial to cities. However, funding such maintenance efforts, which benefit the entire state economy, is a challenging task for Texas cities. Unlike many other states, Texas cities receive no state aid to offset the benefits that city streets provide. In those other states, a portion of vehicle registration fees or gasoline taxes are returned to cities for this purpose; not so in Texas. However, the Texas Legislature has granted Texas cities the authority to impose a street maintenance sales tax to be used to maintain city streets. Many cities have adopted this tax.

Traffic Signals: Coordinating Intersections Isn't Free.
According to the City of Austin, after a traffic signal request is granted for an intersection, it costs approximately **$200,000** to construct and install a single traffic signal.

Right-of-Way Authority and Utilities

Many Texas cities are experiencing an unprecedented level of activity in their streets and rights-of-way (ROW). This is the result of an explosion in new communications technology, the growth of competition in the telecommunications industry, and the expansion of electric distribution lines to newly developing areas. Sometimes, these activities can have a detrimental effect on public safety, traffic flow, city infrastructure, and efficient city administration. On occasion, excavations caused a breach in major water lines, and other ROW activities caused front-page incidents due to heavy traffic. Cities have had their utility lines cut, their streets barricaded and torn up, and suffered breaches in their major water lines. These actions significantly shorten the life expectancy for city streets, and make them unsuitable for traffic.

The new most recent ROW issues have arisen due to the planned proliferation of "small cell nodes." A small cell node is an antenna and related equipment that can provide very large bandwidth at a very short range. They are, by definition, deployed in densely-populated areas as a means to provide the broadband capacity that people and business want and need. One overarching principle relating to small cell deployment is clear: cities and businesses want better cellular/broadband service. Everyone wants the best technology for educational and business opportunities.

Senate Bill 1004, passed in 2017, attempted to help companies roll out their small cell facilities. The bill requires a city to allow access for cell nodes and related equipment in city rights-of-way, and it also entitles cell companies and others to place equipment on city light poles, traffic poles, street signs, and other facilities. That mandate can pose a public safety threat. More troubling, however, is that the bill limits cities to a rental fee of $250 per node, far less than the amount companies must pay on the open market.

Similarly, Senate Bill 1152 passed in 2019, eliminated certain franchise fees. The bill authorized a cable or phone company to stop paying the lesser of its state cable franchise or telephone access line fees, whichever are less for the company statewide. Under the bill, compensation of the use of city's right-of-way is no longer based on the value of the right-of-way to the companies, rather its effect is to force city taxpayers to subsidize the cost of doing business for the companies.

As a result, a coalition of cities filed a lawsuit challenging S.B. 1004's unconstitutional cap on small cell rental fees and S.B. 1152's elimination of certain franchise fees. The lawsuits assert that the cap and the franchise fee elimination are a taxpayer subsidy to the cellular industry and telecommunication industry because they allow nearly free or discounted use of taxpayer-owned rights-of-way and facilities. Put simply, the bill takes the money every city resident pays in taxes and hands it directly to cell phone and telecommunications providers. Both lawsuits are pending.

Adding fuel to those flames, the Federal Communications Commission (FCC), in 2017, also adopted an order preempting municipal authority over small cells and related equipment, further usurping local right-of-way authority and capping right-of-way rental fees for small cell deployment. In response, a national coalition of cities led by the City of Portland filed a lawsuit challenging the FCC order. In August 2020, a court of appeals court upheld the provision of the FCC's order that limits a city's right-of-way fees to a recurring fee of $270 per site, per year, and expressly limits the ability of a city to recover any cost not directly related to rights-of-way maintenance, charging fees above cost recovery, or recovering "unreasonable" costs, such as excessive contractor or consultant fees.

Right-of-Way Compensation

The Texas Constitution prohibits a city from allowing the use of its rights-of-way for free. Thus, cities collect compensation in the form of rent (based on various state and federal statutes) from utility providers. Some have attempted to characterize this rent as a "tax." That characterization is incorrect. Instead, the rent is a cost of doing business for a utility that uses a city's property (just as a utility would have to rent property or obtain an easement from a private landowner). Utilities such as satellite providers do not pay the rent when they have no facilities on city property. In any case, the law authorizes compensation that provides significant revenue for cities.

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The partners of Texas municipal law firm Messer, Fort & McDonald are proud to announce Arturo D. 'Art' Rodriguez Jr. and Bradford E. Bullock as the newest partners to the firm in their Austin location.

Mr. Rodriguez has close to 30 years' experience as general/special/litigation counsel to local governmental entities across Texas. Art's focus has been in water quality, water districts, oil and gas, administrative, and utility law specifically before the TCEQ and PUC.

Mr. Bullock defends local governments and their officials in complex state and federal litigation claims, including land-use matters, civil rights claims, employment matters and development agreements. He has a long-standing relationship with the Texas Municipal League Intergovernmental Risk Pool.

With offices in Frisco, Dallas, Austin and Abilene, Messer, Fort & McDonald's representation spans the state of Texas offering 400+ years of combined municipal experience.

To learn more, please visit www.txmunicipallaw.com.

Local Participation: Cities Help Pay for State Highways

Although amendments to the Texas Constitution in 2013 and 2015 boosted Texas Department of Transportation (TxDOT) funding significantly, TxDOT continues to ask for "local participation" in many of its projects. Local participation is sometimes referred to as a "pay-to-play" system imposed by TxDOT on local governments that wish to see highway projects in their area move forward. Moreover, TxDOT sent a letter in summer 2013 to cities with a population of more than 50,000 – as well as select smaller cities adjoining or surrounded by those larger cities – informing them that TxDOT intended to consider transferring all maintenance of certain non-controlled-access state highways to the cities in which they are located. TxDOT dubbed the proposal "Turnback." The agency later stated the program was always intended to be a "voluntary participation program." In any case, cities pitch in more than $100 million annually in cash and much more in right-of-way donations and in-kind services. In addition, the state gasoline tax paid by cities accounts for many more millions of dollars paid by cities for the state transportation system.

Federal Storm Water Mandates and Municipal Drainage Utilities

Federal Storm Water Mandates

During rainfall, storm water runs off impervious areas such as paved streets, parking lots, and rooftops. The storm water contains pollutants that may adversely affect water quality. Thus, the federal Clean Water Act requires cities to obtain a permit from the United States Environmental Protection Agency (EPA) before allowing the discharge of storm water from a storm sewer system into rivers and lakes. In Texas, the EPA has delegated the administration of the storm water permitting program (known as the "National Pollution Discharge Elimination System" or "NPDES") to the Texas Commission on Environmental Quality (TCEQ).

Most medium and large cities in Texas, such as Dallas, Houston, San Antonio, Austin, Abilene, and others, currently operate under a "Phase I" permit. Since the early 1990s, "Phase I" cities were required to develop a storm water management program that would reduce storm water pollutants. Many other Texas cities are subject to the "Phase II" general permit. The Phase II program began in 1999 and requires more than 400 of the state's smaller cities to also develop storm water management programs. At a minimum, the programs must include public education and participation, detection of unwanted discharges into sewers, construction site storm water runoff controls, and pollution prevention measures.

In addition, cities operating under the Phase II permit must issue an annual report to the TCEQ that includes information regarding the status of compliance with permit conditions, an assessment of the appropriateness of best management practices, a description of progress toward reducing the discharge of pollutants to the maximum extent practicable, the measurable goals for each of the minimum control measures, and an evaluation of the program's progress. TCEQ, in compliance with federal law, reissued the Phase II general permit for small cities in 2013.

All Texas cities subject to the NPDES program are required to identify and apply management practices to reduce storm water pollution. Unsurprisingly, implementing such practices comes at a high monetary cost, especially in light of the fact that the mandate is not funded by the state.

In 2003, the Texas Legislature enacted a law that exempted state colleges and universities from paying municipal storm water utility fees. The rationale for that exemption (presumably) was that a taxpayer-funded entity shouldn't be required to pay a fee to another taxpayer-funded entity. In 2007, private universities sought and obtained the same exemption. The exemption of private colleges and universities has had detrimental effects on some cities. These private entities benefit from the flood prevention and storm water control provided by storm water utilities, and both public and private universities generally have very large areas of impervious cover that contribute to runoff. The exemptions have resulted in a cost shifting to residents and businesses. Further, a city council can consider exempting public school districts, public agencies, and religious groups. If a city council chooses to do so, the same cost shifting result may occur. ★

Municipal Drainage Utilities

As a means to protect citizens from the devastating effects of flooding and to offset the costs of unfunded federal storm water mandates, the Local Government Code authorizes Texas cities to establish municipal storm water drainage utilities. The utilities are generally funded by fees on properties that are benefited by the improvements. The fees must be nondiscriminatory and must be directly related to drainage.

Shouldn't Your Sewer Be Sustainable?



> "Sustainable development ... meets the needs of the present **without compromising** the ability of **future generations** to meet their own needs."
>
> - Brundtland Report, United Nations, 1987

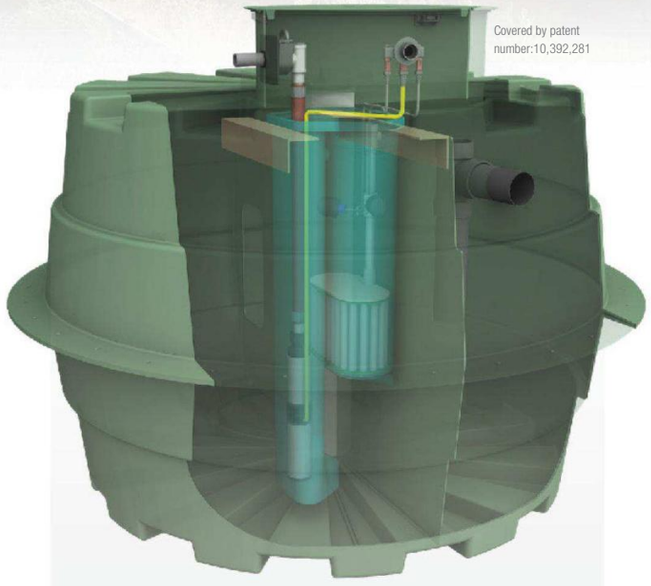
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*WERF Fact Sheets C1, C2, & C3, "Performance & Cost of Decentralized Unit Processes," 2010.



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WATER CONSERVATION

Conservation continues to play a pivotal role in meeting the future water demands of Texas' rapidly growing population. Municipal water conservation is one of the key recommended management strategies for addressing future water needs in the 2022 State Water Plan. The 2022 Water Plan recommends about 977,000 acre-feet in municipal conservation strategies in 2070, of which 320,000 acre-feet is associated with water loss reduction activities at a capital cost of approximately $3.8 billion. Ultimately, each city is best suited to determine what conservation programs work for the city.

In past years, the Texas legislature enacted numerous bills related to statewide water conservation standards, including a recent requirement that cities draft, implement, and submit drought contingency and water conservation plans. The legislature also created the Water Conservation Advisory Council (WCAC) tasked with, among other responsibilities, developing numerous Best Management Practices (BMPs) (a voluntary efficiency measure intended to save a quantifiable amount of water, either directly or indirectly, when implemented within a specified timeframe). BMPs, including municipal BMPs, are available at www.twdb.texas.gov/conservation/BMPs/index.asp.

In addition, the Texas legislature, in recent years, passed bills which require the Texas Water Development Board and the Texas Commission on Environmental Quality to develop a uniform, consistent methodology and guidance for calculating water use and conservation to be used, by a city, in developing water conservation plans and preparing certain reports required by state law. The methodology and guidance include: (1) a method of calculating total water use, including water billed and nonrevenue water used; (2) a method of calculating water use for each sector of water users; (3) a method of calculating total water use by a city in gallons per capita per day; (4) a method of classifying water users within sectors; (5) a method of calculating water use in the residential sector that includes both single-family and multifamily residences, in gallons per capita per day; (6) a method of calculating water use in the industrial, agricultural, commercial, and institutional sectors that is not dependent on a city's population; and (7) guidelines on the use of service populations by a city in developing a per-capita-based method of calculation, including guidance on the use of permanent and temporary populations in making calculations.

The resulting "Guidance and Methodology for Reporting on Water Conservation and Water Use" is intended to guide water providers through the process. This guidance is available at https://www.twdb.texas.gov/conservation/doc/SB181Guidance.pdf.

Another water conservation issue is that of mandatory water conservation rates. The legislature, in the past, proposed legislation that would take away a city's exclusive authority to set water rates within its city limits, but no such legislation has passed. As a result, the ability to set water rates within the city limits remains with each city's governing body, which comports with the Texas Municipal League's members' view that local control is best.

While water was one of the main topics of the 2013 legislative session, only a handful of water conservation bills have passed since then. In the 2022 interim, the House and Senate were charged with making recommendations to promote conservation and waste prevention and to evaluate the state's groundwater management process, including data to support regional water planning and conservation goals, respectively.

Water restrictions, conservation education, and higher prices have played a role in Texans using less water. According to a League survey, the average monthly residential water consumption is decreasing each year (with a few outliers), averaging a total of 5,481 gallons in 2022 compared to 8,581 in 2002. Which method of addressing water shortages—restricting usage, repairing/replacing inefficient infrastructure, or scarcity pricing—is the best? Whatever a city council decides is right for its city is usually the correct method. In other words, local control is the best method.

Interestingly, one side effect of lower water use is a loss of millions of dollars in anticipated revenue to some cities. For example, the City of Wichita Falls has reported that conservation efforts have resulted in a water revenue reduction of nine million dollars from fiscal year 2012-2013 to fiscal year 2013-2014. Anticipated water revenue is generally budgeted to pay for fixed or capital infrastructure costs and in certain cases, to pay off debt, including debt issued to finance new wastewater plants or water-related projects.

Each city has a unique perspective and resulting priorities for expending resources to conserve water. Climate, population density, availability of water resources, and the ratio of industrial to residential water use in the city are a few of the various factors that affect conservation decisions across the state. Water conservation continues to be a major issue in many cities in Texas, and cities should continue implementing water conservation strategies that are appropriate for their specific community. ★

Cities offer a variety of different programs to encourage water conservation.

For example,

the City of San Marcos offers:

- Tiered Water Rate System
  Water rates increase as consumption increases.
- Rebate/Incentive Programs
  The City of San Marcos provides rebates to those customers who purchase and install qualifying water conserving items.
- Irrigation System Evaluations
  Free irrigation system check-ups for both residential and commercial water customers.
- Indoor Water Surveys
  Free indoor water surveys to customers who would like to save water and money. City staff will evaluate your home or business to make sure you are using water as efficiently as possible.
- Public and School Education Programs



FUNDING THE STATE WATER PLAN

The Texas State Water Plan provides for the orderly development, management, and conservation of water resources in the state. The plan's goal is to ensure that sufficient water will be available at a reasonable cost to protect the public health, further economic development, and protect the agricultural and natural resources of the entire state.

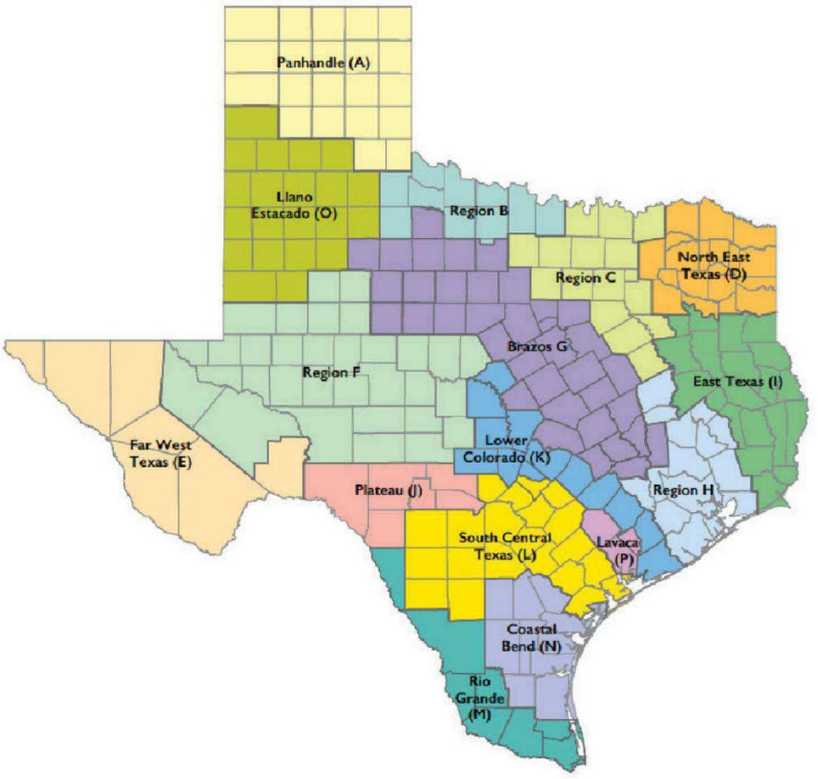
The State Water Plan is the culmination of a regional planning process that the Texas Legislature established in 1997. Every five years, 16 planning groups—one for each regional water planning area—assess the projected population, water demands, and water supplies in their area for the next 50 years. Each planning group holds public hearings and meetings to develop its regional water plan, which lists the water supply projects needed to meet their water shortages. Once a regional water planning group adopts its regional water plan, the plan is then sent to the Texas Water Development Board (TWDB) for approval. The TWDB ultimately compiles the information to make the State Water Plan. The most recent iteration is the 2022 State Water Plan, adopted on July 7, 2021.

The 2022 State Water Plan tells us that our population will continue its rapid growth. Texas' population is expected to increase more than 70 percent between 2020 and 2070, from 29.7 million to 51.5 million, with over half of this growth occurring in Regions C and H. Water demands are projected to increase less significantly, by approximately 9 percent between 2020 and 2070, from 17.7 million to 19.2 million acre-feet per year. This projected increase is smaller than the 2017 State Water Plan, primarily due to revised methodologies for the irrigation, manufacturing, and steam-electric power generation sectors of water use. Notably, municipal demands are anticipated to grow by the greatest total amount, from 5.2 million acre-feet per year in 2020 to 8.5 million in 2070. Agricultural irrigation demand is expected to decrease, from 9.4 million acre-feet per year in 2020 to about 7.6 million in 2070, due to more efficient irrigation systems, reduced groundwater supplies, and the transfer of water rights from agricultural to municipal users. Manufacturing and livestock demands are expected to increase, while mining demand is expected to decline over the next 50 years. Steam-electric (power generation) demand is expected to remain constant.

Texas' existing water supplies—those that can already be relied on in the event of drought—are expected to decline by approximately 18 percent between 2020 and 2070, from 16.8 million to 13.8 million acre-feet per year. Water user groups face a potential water shortage of 3.1 million acre-feet per year in 2020 and 6.9 million acre-feet per year in 2070 in "drought of record" conditions.

The 2022 State Water Plan provides a roadmap for how to address the water needs that accompany our expected growth by identifying water management strategies and their associated costs for communities across Texas. Approximately 5,800 water management strategies recommended in the plan would provide 7.7 million acre-feet per year in additional water supplies to water user groups in 2070. The estimated capital cost to design, construct, and implement the more than 2,400 recommended water management strategy projects by 2070 is $80 billion in 2018 dollars, without accounting for inflation. Water management

Regional Water Planning Areas



strategies can include conservation, drought management, reservoirs, wells, water reuse, desalination plants, and others.

The information in this plan is critical to ensuring that Texas has adequate and affordable water supplies now and in the future. Without employing water management strategies, approximately one-quarter of Texas' population would have less than half of the municipal water supplies they will require during a "drought of record" in 2070. If Texas does not implement the State Water Plan, estimated annual economic losses resulting from water shortages will range from approximately $110 billion in 2020 to $153 billion in 2070.

For more information on the 2022 State Water Plan, as well as resources on how to get involved with your regional planning group and financial assistance for cities, visit the Texas Water Development Board at www.twdb.texas.gov. ★





THE CONNECTION BETWEEN INFRASTRUCTURE AND PROPERTY TAX LIMITATIONS

Except for construction, repair, and maintenance of the state highway system, infrastructure in Texas is primarily the responsibility of local governments. Streets, bridges, drinking water systems, and wastewater facilities are funded by local entities. Although some loans and very limited grant funds are available for some water projects, the fact remains that city streets, water systems, and wastewater utilities are built and maintained with city-generated revenue.

Texas cities are virtually on their own when it comes to paying for these infrastructure projects. While recent federal programs such as the American Rescue Plan Act and the Infrastructure Investment and Jobs Act have made additional federal funding available to cities in the recent years, the paucity of state aid to Texas cities is well-documented. While most states (including virtually all the most populous states) provide substantial financial assistance to cities to help pay for infrastructure, such grant programs generally do not exist in Texas.

Chart

Cost-Saving Measures
Percent of All Cities

	2015	2016	2017	2018	2019	2020	2021	2022
Hiring freeze	3.8%	2.9%	3.2%	4.9%	2.9%	2.1%	13.9%	5.0%
Wage freeze	3.4%	3.5%	4.5%	2.9%	2.6%	1.6%	10.5%	5.9%
Reduced services	1.3%	2.5%	2.1%	2.0%	1.3%	2.0%	7.5%	0.1%
Eliminated services	1.3%	0.6%	0.8%	1.3%	2.0%	1.6%	3.6%	1.2%
Reduced salaries	0.4%	0.4%	0.4%	0.2%	0.0%	0.0%	1.1%	0.8%
Laid off employees	3.0%	1.4%	3.2%	3.1%	1.9%	1.2%	5.2%	3.1%
Postponed capital spending	36.0%	28.7%	26.4%	24.4%	22.0%	22.2%	20.6%	21.6%

It can be argued that funds flow in the opposite direction—from local entities to the state. In recent years, the Texas Department of Transportation received almost $100 million annually in *Local Participation* revenue from cities alone. (Other entities provide local participation funds as well.) This is city money that helps pay for improvements to the state highway system.

This means that much of the local revenue that is used to fund infrastructure projects comes from local property owners through their property taxes, which raises an interesting question: if the Texas Legislature passes additional legislation that limits municipal property tax revenue, will municipal investment in infrastructure decrease?

The Texas Municipal League's *Fiscal Conditions Survey* shows that the answer is yes. When asked which cost-cutting measures were employed to balance the current-year budgets, cities consistently identified *postponed capital spending* as the most used tactic. (Please see Cost-Saving Measures chart on page 42.)

Similarly, when asked to identify how they would respond to diminishing revenue in future years, more than half of the respondents identified *postpone or defer capital improvements* and/or *reduce or eliminate expenditures or right-of-way contributions to TxDOT* as their top two identified areas for future spending reduction.

Any legislation that further restricts the ability of cities to generate property tax revenue will result in reduced spending on infrastructure, which could harm regional economies and the state's economy. Without continued municipal investment in the infrastructure needed for industrial and commercial activity, the *Texas Miracle* of continued job creation and economic growth will be difficult to maintain. ★





THE HIGH COST OF PROVIDING PUBLIC SAFETY

Ensuring that citizens have a safe city in which to live and work is of the utmost importance to the state. Cities strive to promote the health, safety, and welfare of all their citizens. Unfortunately, providing a high level of public safety does not come cheap.

Most citizens automatically turn to the government in times of need. In cities, that translates to spending tax dollars on public safety services. Of these public safety services, cities expend a considerable amount of their resources in anticipation of emergencies, occurrences that the public at large generally doesn't want to think about. Traditionally, public safety includes fire protection (fighting house fires), police protection (patrolling streets for traffic violations and criminal activity), and responding to numerous 911 calls.

However, in today's world, "public safety" has expanded to encompass:

- responding to hurricanes and other natural disasters
- preventing and responding to terrorist threats and attacks
- enforcing federal homeland security mandates
- providing emergency medical services (EMS) and ambulance services
- providing border security
- responding to hazardous materials issues
- responding to pandemic disease and other public health disasters
- participating in drug task forces
- conducting search and rescue operations, along with a host of other activities

Police, fire, and EMS now must protect our homeland and be ready to respond to terrorist attacks with chemical, biological, and weapons of mass destruction. That's a tall order, considering the cost of standard public safety training and equipment.

For example, it costs approximately $2,000 to provide basic protective equipment for a single structural firefighter. Of course, the equipment needed to enter a burning building is specialized and much more costly than the standard issue equipment. (See firefighter diagram.) In addition to the expensive equipment necessary for firefighters to safely carry out their jobs, they must also receive continuous training. This training often comes with a high price tag and must be supplemented on an ongoing basis.

TEXAS CITIES ASSIST WITH DISASTER RESPONSE AND RELIEF

Over the past several years, cities played a major role in disaster response, relief, and rebuilding efforts as various natural disasters hit Texas. According to the City of Houston, the City was responsible for $500 million in the recovery effort after Hurricane Harvey. Houston rushed to repair vital infrastructure, dedicating countless resources to restoring necessary services to citizens. The City of Galveston, hard-hit by Hurricane Ike in 2008, expended $500 million to repair and replace housing, city buildings, and utility infrastructure, not to mention millions more to repair roads and revitalize the business community. Even though the federal government ultimately reimbursed some of these expenditures, the ability of cities to react quickly and decisively during and after a natural disaster is an invaluable service. In 2013, the City of West responded to a fertilizer plant explosion that devastated its city. The City paid the price of emergency response in dollars, and lost many of its volunteer firefighters, one of whom was the city secretary. Disasters like the West explosion can lead to legislation that seeks to impose additional mandates on cities but does not provide the necessary funding.

The COVID-19 pandemic also emphasized Texas cities' important role during public health emergencies. In response to the pandemic, city police departments were tasked with enforcing the governor's orders, including the mask mandate and business capacity limitations, as well as local orders like curfews. The costs for public health emergencies will continue to fall on cities because urban populations are often the most affected. ★



Median Salary for Police Officer and Firefighter

Police Patrol Officer:
$64,610.00 plus benefits annually

Firefighter:
$50,700.00 plus benefits annually

Source: United States.Bureau of Labor Statistics

Helmet and hood: **$381**

"Pass" alarm to monitor firefighter while deployed: **$495**

Self-contained breathing apparatus: **$2928**

Firefighter pager: **$459**

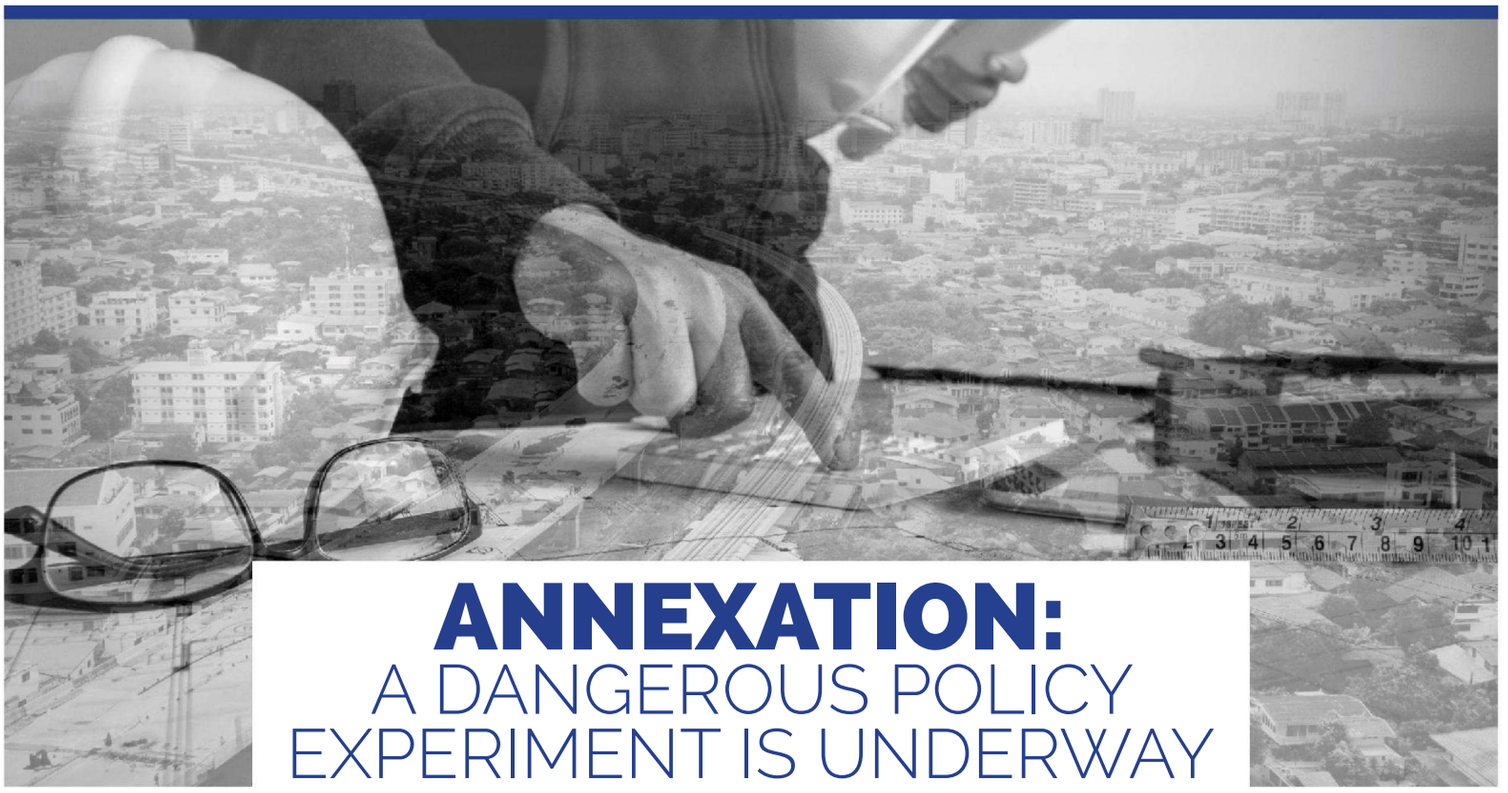
Heat-reflective, fire-resistant coat: **$1,200**

Gloves: **$87**

Heat-reflective, fire-resistant pants: **$600**

Puncture-proof, heat-resistant boots: **$370**

Total: $6,520



ANNEXATION: A DANGEROUS POLICY EXPERIMENT IS UNDERWAY

Following incorporation, the authority of a city to annex neighboring property has been the only way for Texas cities to expand their city limits. On May 24, 2019, House Bill 347 became effective, and municipal annexation as it had existed for over a century was over. The bill requires landowner or voter approval of most annexations by any city in Texas. In instances where the landowner does not request to be annexed, annexation of that property can become impossible. Prior to 2019, the legislature rarely acted to broadly limit municipal annexation. Even when major reforms passed, the core authority remained largely intact, because key legislators understood that cities support the state's economy through the services and growth management they provide. As cities grew and prospered, so did the state. With the passage of House Bill 347, it is clear the legislature has lost sight of this connection.

According to many national authorities, the annexation power of Texas cities had been a key difference between the flourishing cities of Texas and the declining urban areas in other parts of the nation. A 2003 report issued by The Perryman Group predicts that overly restrictive annexation policies will harm the Texas economy by reducing gross state product, personal income, sales, employment, and population. The Perryman report concludes that restrictions on annexation will mean that "the entire character of the Texas economy will be changed in a way which notably limits its capacity to support future growth and prosperity." If you think those numbers are exaggerated, just look at what happened to four once-great American cities that were prevented from growing. In 1950, Detroit, Baltimore, Cleveland, and St. Louis were the fifth, sixth, seventh, and eighth largest cities in the nation in population. All four of them were prevented from expanding their city limits. By 2010, all four cities had about the same number of square miles they had sixty years before but had double-digit declines in population.

	Land Area Sq. Mi.		Population Rank		City Population		Population	Median household
	1950	2010	1950	2010	1950	2010	Change	Income in 2013
Detroit	140	140	5	20	1,849,568	713,777	-61%	$26,325
Baltimore	79	81	6	24	949,708	620,961	-35%	$41,385
Cleveland	75	78	7	48	914,808	396,815	-57%	$26,217
St. Louis	61	62	8	61	856,796	319,294	-63%	$34,582

Contrast those four cities with Austin, Houston, San Antonio and Dallas over the same sixty-year period, when Texas cities could unilaterally annex property to expand their city limits.

	Land Area Sq. Mi.		Population Rank		City Population		Population Change	Median household Income in 2013
	1950	2010	1950	2010	1950	2010		
Houston	160	600	14	4	596,163	2,099,451	252%	$45,010
San Antonio	70	461	25	7	408,442	1,327,407	225%	$45,722
Dallas	112	341	22	9	434,462	1,197,816	176%	$42,846
Austin	32	297	73	14	132,459	790,390	497%	$53,946

To say that the first four cities' collective decline is the direct result of the lack of annexation authority clearly paints with too broad a brush; other powerful forces certainly were at play. But annexation authority plays a big role in the growth and continued success of Texas cities (and therefore the state). Without the ability to expand their borders between 1950 and 2010, none of these Texas cities would have the ability to support their current populations, which has fueled the state economy.

More recently, the League commissioned a study of southern states with similar demographics to Texas. That study found that, among a comparison set of 13 states, three key findings emerge:

1. States in which city councils decide whether to annex have seen their cities grow faster over the past 25 years, both economically and demographically, than other states that limit annexation.
2. In terms of annexation activity (as measured by change in city size), states in which city councils decide whether to annex have seen their cities physically grow more slowly from 1990 to 2010 than other states that limit annexation.
3. When measured by bond ratings tied to the issuance of general obligation bonds, states in which city councils decide whether to annex have better ratings than other states that limit annexation.

In short, municipal annexation has been an engine driving the Texas economy and slowing that engine will likely be detrimental to the state's financial future. With House Bill 347, the legislature has started a dangerous policy experiment.

Texas is now one of the only states in the nation that denies both state financial assistance and unilateral annexation authority to its cities, which is an additional reason why this experiment in annexation is particularly dangerous in Texas. Unlike other states, Texas cities do not receive general state financial assistance or state revenue-sharing. Prior to House Bill 347, the potential for the future annexation of residents and businesses just outside a city's corporate limits pressured those landowners and cities to work together as partners or future partners. Cities would extend services beyond the city limits, knowing that the folks who would benefit from access to those city's facilities and services could be called on to share their associated costs. Now, with limited annexation authority and without state-level financial support, all the financial risk of extending city services beyond city limits falls on city taxpayers. This will likely result in lower levels of service to Texans living just outside cities, which can mean lower levels of economic productivity outside the city and lower standards of living.

Nearly 85 percent of Texas' population lives in urban areas, meaning that most Texans currently depend on city services to support their daily needs. Given that Texas is adding an additional 1,400 plus people each day to its population – and mostly in the cities – the result of this annexation experiment becomes more critical every day. ★



ZONING:
A PRIMARY MEANS TO PROTECT PROPERTY VALUES AND THE WELFARE OF CITY RESIDENTS

What is zoning?

Zoning is the division of a city into districts that permit compatible land uses, such as residential, commercial, industrial, or agricultural, and is arguably one of the most important functions of local government. Zoning authority empowers a city to protect residential neighborhoods, promote economic development, and restrict hazardous land uses to appropriate areas of the city. It is used to lessen street congestion; promote safety from fires and other dangers; promote health; provide adequate light and air; prevent overcrowding of land; and facilitate the provision of public facilities.

How does zoning occur?

Chapter 211 of the Texas Local Government Code contains the procedural requirements that must be followed when a city zones or rezones property, including strict notice and hearing provisions. The requirements ensure that city and neighborhood residents have a strong voice anytime a zoning change is considered. In addition, Chapter 211 provides for the creation of a planning and zoning commission to make recommendations on the adoption of the original regulations, as well as to hear proposed amendments. Finally, a board of adjustment may be appointed to hear requests for appeals of decisions, special exceptions, and variances from the regulations.

Why is there zoning?

Zoning authority is often demanded by the residents of cities. Citizens, acting through neighborhood and preservation groups, generally support zoning wholeheartedly because zoning minimizes conflicts between land uses and maintains property values. "For example, assume a beautiful home on a half-acre lot has just been built. Six months after construction and move-in, the property owner next door decides to put in a restaurant. This means parking problems and late-night noise. Without a zoning ordinance, there may be nothing to prohibit the adjacent landowner from building the restaurant or a manufacturing facility, for that matter." Jennifer Evans, *A Citizen's Guide to Texas Zoning*, Texas A&M Real Estate Center, Report 1294 (April 1999).

Who decides zoning?

Because zoning is dependent on knowledge of local conditions and the needs of individual communities, the power to zone is best exercised by local officials – the level of government that is closest to the people. "The same [zoning] ordinance that protects property from what occurs next door also limits the development of property." *Id*. This sometimes creates a conflict between neighboring landowners, which is then resolved through an open, local process, governed by the local zoning ordinance within the framework created by the Local Government Code.

Appropriate Use of Manufactured and Modular Housing

The Texas Manufactured Housing Standards Act allows cities to regulate the location of "manufactured homes," which meet federal construction regulations. Other state

law regulates industrialized housing and buildings, and allows cities to require that "modular homes," which meet the more stringent requirements of the International Residential Code, have an appearance and value similar to nearby homes. Many cities take advantage of these provisions to protect property values and the safety of residents, while at the same time allowing for different housing products for different segments of the market. The Texas Municipal League is not opposed to this type of housing, and strongly advocates the authority of cities to retain local control over when, where, and how this type of dwelling is installed. ★

ZONING CHANGES AND PROPERTY VALUES

State laws that require compensation when a property's value is affected by a zoning change are extremely rare in the United States. Rather, the United States Supreme Court and various state courts have set forth tests that are used to determine whether a zoning regulation requires compensation to a property owner.

In fact, the Supreme Court of Texas has upheld city authority to make reasonable zoning changes. In one case, a city rezoned a residential area to provide for larger lot sizes. The rezoning was designed to create more open space, less traffic, greater setbacks, less noise, and similar results. The Court concluded that a city has a legitimate governmental interest in such results and in preserving the rate and character of community growth. The Court also found that no "taking" of the owner's property occurred, because the regulation did not impose a great economic impact on the owner.

Any legislative requirement that compensation should be paid every time a zoning change reduces the value of a property would create an unworkable situation where cities would either be forced to relinquish their zoning power or go bankrupt paying claims. Moreover, the reality is that most zoning changes are initiated by a property owner and *increase* the value of land.

WHY ZONING MATTERS

A 2008 survey found social offerings, such as entertainment venues and places to meet; openness (how welcoming a place is); and the area's aesthetics (physical beauty and green spaces) are the three main qualities that "attach" people to their communities. Zoning facilitates the development of those attributes by allowing cities to create and maintain healthy, attractive, livable, and prosperous communities.

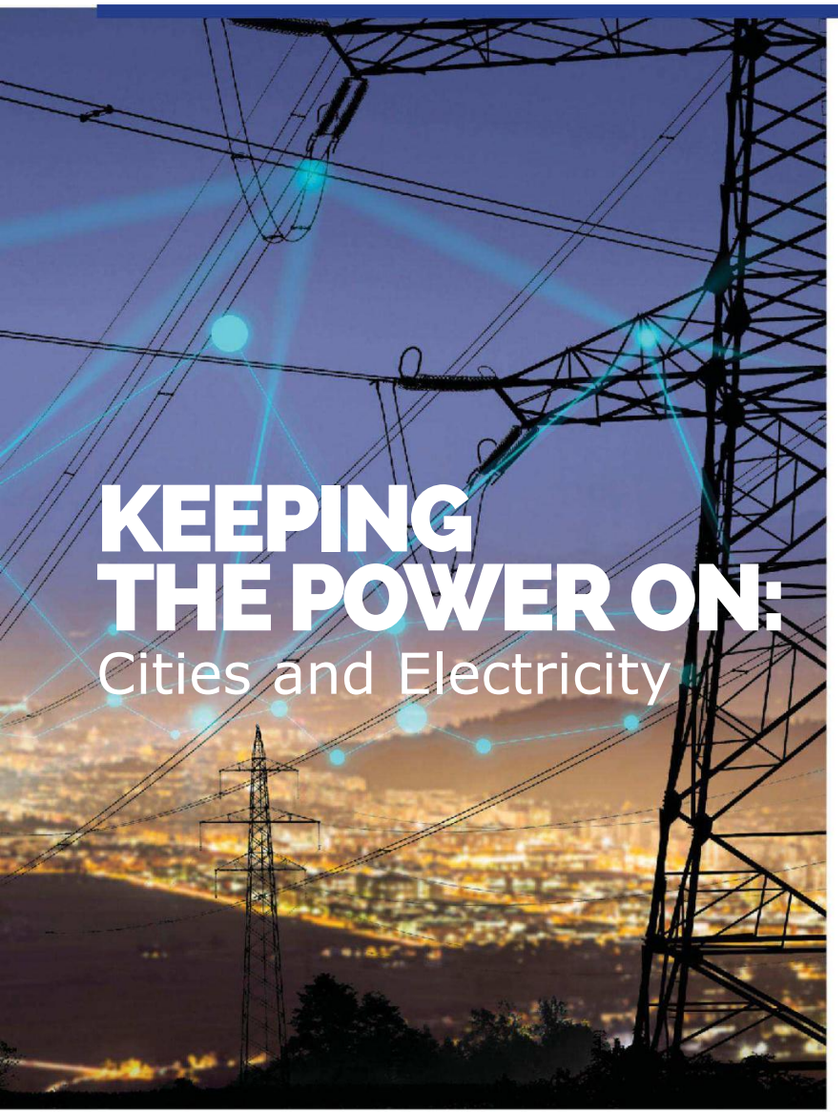
Zoning Is Linked to Economic Development
A 2006 study on the effect of zoning on economic development in rural areas concluded that zoning facilitated economic development. According to the authors, the economic benefits of zoning include: (1) predictability in land use for both business and residents; (2) the assurance that personal and commercial investments will be protected; (3) the ability to guide future development to prevent haphazard or harmful development; and (4) the minimization of potential conflict between industry and residents.

Zoning Is Linked to Tourism
Tourism generates billions of dollars in Texas. In discussing the role that a community's image plays in tourism, one author explains that the more communities "come to look and feel just like everyplace else, the less reason there is to visit. On the other hand, the more a community does to enhance its uniqueness, the more people will want to visit. This is the reason why local land use planning and urban design standards are so important."

Sources: Gallup & John S. and James L. Knight Foundation, *Soul of the Community Survey* (2008), *available at*: https://knightfoundation.org/sotc.

Joy Wilkins et al., *Does Rural Land-use Planning and Zoning Enhance Local Economic Development?*, Economic Development Journal (Fall 2006), *available at* https://www.iedconline.org/clientuploads/Economic%20Development%20Journal/EDJ_06_Fall_Nelson.pdf

Edward T. McMahon, *Responsible Tourism: How to Preserve the Goose that Lays the Golden Egg*, Virginia Town & City, 9 (May 2015), *available at*: https://www.vml.org/vol-50-no-4-may-2015.



KEEPING THE POWER ON:
Cities and Electricity

Cities have various interests relating to how they and their residents get electric service, how cities with municipally-owned electric utilities provide service, and the prices that everyone pays for electricity. Cities also receive franchise fees from utilities that use their rights-of-way, and they have original jurisdiction over the rates of investor-owned utilities located within the cities.

How electricity is provided in Texas is complex and based on many moving parts in an always-changing puzzle. The following questions and answers provide a "primer" on the issues facing cities in this area.

Note: See the section in this magazine issue titled "Cities Refuse to Accept Utility Rate Hikes Without a Fight" to learn more about how cities without their own electric utility keep rates reasonable for their citizens.

What are the different ways that cities and their citizens get their electricity?

Cities and their residents generally get their electricity in one of three ways: (1) from a municipally-owned utility (MOU); (2) from an investor-owned utility (IOU); or (3) from a rural electric cooperative (Coop). Each of those providers usually has a monopoly in the areas they serve, based on a certificate from the Texas Public Utility Commission (PUC). (Note: a few areas of the state are served by river authorities and municipal power agencies. Also, regarding an IOU, only the transmission and distribution component discussed below has a geographical monopoly in the deregulated market.)

After deregulation, MOUs and Coops retain that monopoly status, unless they choose—by a vote of their governing body—to adopt customer choice. The reasons for allowing MOUs and Coops discretion to retain their monopoly status are many, but one of the most important is that MOU and Coop rates are governed by a city council or board of directors—the members of which are elected by the customers. The city council or board of directors is therefore directly accountable to the customers they serve.

IOUs are also governed by a board of directors, but they are accountable to their shareholders, rather than their customers. The rates of investor-owned transmission and distribution utility (discussed below) are regulated by the PUC in a way that should—in theory—cover costs of operation and allow for a reasonable profit.

What is electric deregulation, and why should city officials care?

In 1999, Texas adopted legislation to deregulate the portion of the state that is served by IOUs. MOUs and Coops have the option to participate in the deregulated market by "opting in" to competition. However, to date, no MOU has opted in.

Prior to deregulation being fully implemented in 2002, a single IOU performed all the things necessary to provide service to customers within the IOUs designated service area. In simple terms, the legislation "broke up" or "unbundled" IOU monopolies. Those utilities were divided up into different components: generation, transmission and distribution, and retail service. Some utilities sold one or two of those parts of their business, while others created subsidiary companies to run them.

Generation companies make power with power plants, wind farms, solar panels, and other means. Transmission and distribution companies move power from the generators to other parts of the state through huge transmission lines, and ultimately distribute power to customers through smaller distribution lines.

While the generation and retail portions of the market are now deregulated, the rates of transmission and distribution utilities are still regulated by cities and the PUC. That is necessary because the companies that generate power must have a reliable way to get that power to the retail companies that sell the power to customers.

The numerous retail companies essentially speculate how much generation will cost them. They then offer price plans to consumers accordingly. They are the utilities with which customers in a deregulated area interact. Customers can switch retail companies to try to get the best possible rate.

Certain areas of the state—including the Panhandle, El Paso, and certain areas in the northeast and southeast portions of the state—are served by IOUs but have not been deregulated. Those areas are not a part of the main transmission grid in Texas, so deregulation is impractical.

Whether deregulation has been beneficial to cities and their citizens remains the subject of heated debate. One thing is certain: deregulation has changed the way cities in the deregulated market purchase power for city facilities. One of the ways cities and other political subdivisions do that is by a process called aggregation. Aggregation means just what it says: cities come together or "aggregate" to purchase energy at a better price than they could obtain themselves. (Note: state law also authorizes citizens to aggregate, but the logistics of that process have made it all but useless. Previous legislative efforts to allow cities to automatically bundle-up their citizens and negotiate on the citizens' behalf have failed.) The most well-known aggregation group is called the Texas Coalition for Affordable Power, which represents more than 100 cities.

Why aren't MOUs opting into the deregulated market?

Even though they are not required to do so, MOUs have the discretion to opt into the deregulated market. Many state leaders continue to applaud the Texas deregulated market as one that has created lower prices. That is questionable for several reasons. It would also appear that MOUs aren't convinced, and that their citizens prefer the consistently lower prices and better service that they provide. It's a case of "if it ain't broke, don't fix it." MOUs can wait and see if opting into deregulation would really benefit their customers. Also, an MOU that opts in is essentially stuck with that decision. Further, opting into competition would require an MOU to undertake the complex and expensive process of breaking up its service into the three components of the deregulated market (generation, transmission and distribution, and retail).

What are recent criticisms levied against MOUs?

Some MOUs have been recently criticized for transferring some of their profits to the city's general fund. Interestingly, even larger cities that transfer large amounts of revenue have electric rates that are comparable to, or lower than, IOUs serving the deregulated market.

In addition, cities may or may not charge their MOUs franchise fees for the use of the city's rights-of-way. Thus, the transfer is often analogous to a franchise payment that the city would receive from an IOU that uses the city's rights-of-way. In any case, it is currently up to each city's council to decide how to handle transfers. Another way to look at transfers is that they are very similar to the return on investment that IOUs give back to their shareholders. But in the case of an MOU, the "shareholders" are the taxpayers of the city. Transferred revenue is used to pay for services (police, fire, EMS, and streets) that are used by the customers of the MOU. The transferred revenue is used to keep property tax rates low, which benefits the taxpayers served by the MOU.

What are electric franchise fees?

Electric franchise fees are fees paid by IOUs or Coops (and in some cases, MOUs that provide service in other cities) that use a city's rights-of-way to provide service. Some argue that franchise fees of any type are a "hidden tax" on utility service. Of course, the municipal position is that the fees are authorized by state law. In fact, the Texas Constitution prohibits a city from giving away anything of value (for example, the use of city property) to a private entity. Thus, the city's position is that the fees are nothing more than "rental" payments for the use of city property. ★



CITIES REFUSE TO ACCEPT UTILITY RATE HIKES WITHOUT A FIGHT

Texas cities have a long history of participating in the ratemaking process for both gas and electric utilities before State of Texas regulatory agencies. Prior to the enactment of the Public Utility Regulatory Act (PURA) in 1975 and the Gas Utility Regulatory Act (GURA) in 1983, utility rates were set exclusively at the city level, with any appeals of municipal rate ordinances decided in the courts.

Currently, under PURA and GURA, cities have original jurisdiction over gas and electric utility rates within their city limits. Conversely, this means that the Railroad Commission (RRC) and the Public Utility Commission (PUC) have original jurisdiction over gas and electric rates in service areas outside city limits and within the city limits of those cities that have ceded their original jurisdiction to the applicable agency. In addition, the PUC and RRC have jurisdiction to hear appeals over rate ordinances and orders of cities concerning electric and gas utility service within the city limits.

Recognizing the important role that cities play in the regulation of utilities, hundreds of cities across the state participate in ratemaking proceedings at both the PUC and RRC to ensure fair, just, and reasonable rates, as well as adequate and efficient services for the city and its residents.

Historically, cities have formed coalitions to represent the collective interests of cities and their citizens before the regulatory agencies and courts. By forming coalitions, cities have been able to present a strong voice for consumers for more than 30 years. This has served to reduce the costs that cities and their residents pay for electric and gas service. Cities' active participation in rate cases demonstrates their concern for reliability, quality of service, and the prices their citizens pay for gas and electricity. In numerous instances, without city participation, rate increases would have gone into effect without any party scrutinizing the utility's application.

Both PURA and GURA allow cities to be reimbursed by the utility company for their reasonable rate case expenses associated with participating in ratemaking proceedings. In providing for the reimbursement of rate case expenses in the statutes, the Texas Legislature has acknowledged the important role that cities play in protecting citizens from unreasonable utility costs. Because utility companies ultimately pass these costs on to consumers, cities are always cost-conscious. Cities must balance the cost of participating in ratemaking proceedings against the need to protect their residents' interests. In prior cases, however, municipal participation has resulted in net savings for ratepayers because the utility's rate increase was reduced by an amount far in excess of the expenses incurred by the cities. Cities' participation in utility ratemaking proceedings has proven time and again to be a good value for consumers. ★

City coalitions have found the following expenses that utilities tried to pass on to customers:

- Hotel expenses of nearly $1,000 per night for executives to stay at a New York City hotel
- Tens of thousands of dollars' worth of art for a utility's office
- Dinners in New York, Dallas, and Philadelphia restaurants costing more than $200 per person
- More than $1.5 million in employee "financial incentives"

A private, investor-owned utility is allowed to incur expenses like those listed above, but the company itself (i.e. its shareholders), not the utility customers it serves, should pay for those costs. It's unreasonable to ask to raise customer rates to cover these kinds of expenses, and cities are the first line of defense against such requests.

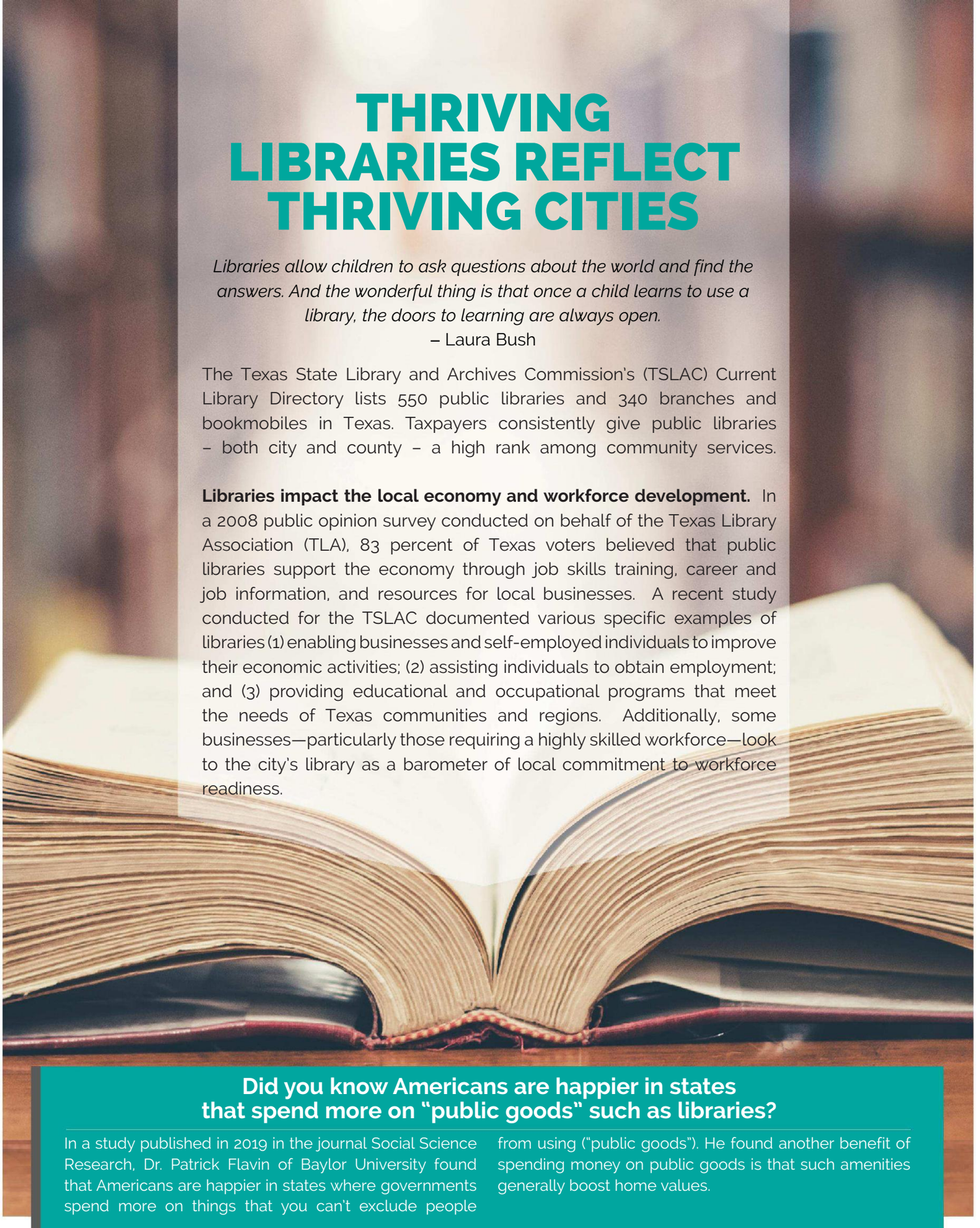
TML RISK POOL



MARY M. DENNIS
Mayor, City of Live Oak
2022–2024 Chair
TML Risk Pool's Board of Trustees

I'm so excited that my term culminates during the Pool's 50th Anniversary in 2024. The Pool has been partnering with Texas cities since 1974, and — since that time — we haven't just been writing checks. We've been helping cities prepare for and come through some of the toughest times they've ever faced, and we remain STRONGER, TOGETHER!

Mary M. Dennis



THRIVING LIBRARIES REFLECT THRIVING CITIES

Libraries allow children to ask questions about the world and find the answers. And the wonderful thing is that once a child learns to use a library, the doors to learning are always open.
– Laura Bush

The Texas State Library and Archives Commission's (TSLAC) Current Library Directory lists 550 public libraries and 340 branches and bookmobiles in Texas. Taxpayers consistently give public libraries – both city and county – a high rank among community services.

Libraries impact the local economy and workforce development. In a 2008 public opinion survey conducted on behalf of the Texas Library Association (TLA), 83 percent of Texas voters believed that public libraries support the economy through job skills training, career and job information, and resources for local businesses. A recent study conducted for the TSLAC documented various specific examples of libraries (1) enabling businesses and self-employed individuals to improve their economic activities; (2) assisting individuals to obtain employment; and (3) providing educational and occupational programs that meet the needs of Texas communities and regions. Additionally, some businesses—particularly those requiring a highly skilled workforce—look to the city's library as a barometer of local commitment to workforce readiness.

Did you know Americans are happier in states that spend more on "public goods" such as libraries?

In a study published in 2019 in the journal Social Science Research, Dr. Patrick Flavin of Baylor University found that Americans are happier in states where governments spend more on things that you can't exclude people from using ("public goods"). He found another benefit of spending money on public goods is that such amenities generally boost home values.

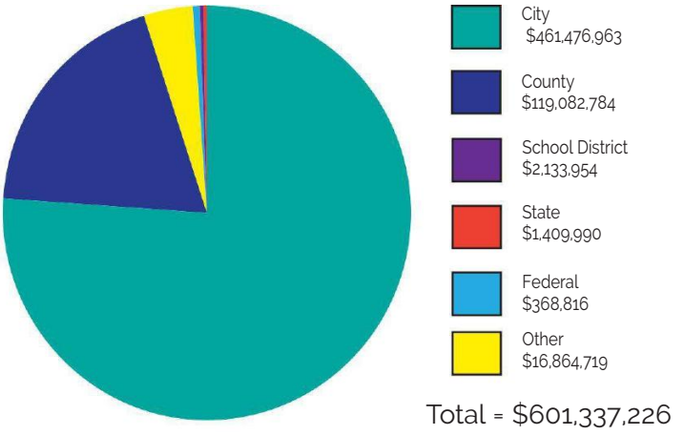
Baylor University. "Americans are happier in states that spend more on libraries, parks and highways: Such 'public goods' also are less likely to spark political conflict." ScienceDaily. ScienceDaily, 7 January 2019. www.sciencedaily.com/releases/2019/01/190107075713.htm.

Libraries impact literacy and education. Public library patrons include preschoolers, afterschoolers, homeschoolers, distance learners, and researchers. Through story time hours, reading programs, ESL classes, and other local services, libraries represent the public's bridge to structured educational campuses. The 2008 TLA public opinion poll found that Texas voters were nearly unanimous in their belief that public libraries create educational opportunities for all citizens (97 percent agreed).

Libraries impact communities. Communities value their city libraries as centers of information and learning and a gathering point for ideas and discussion. The 2008 TLA public opinion survey found that 95 percent of Texas voters believed that public libraries improve the quality of life in their community. Approximately 75 percent of public libraries serve communities smaller than 25,000 in population. In small Texas cities, the library may be the only community gathering place.

As shown in the accompanying chart, cities are the largest source of income for public libraries in Texas.

Texas Public Libraries: 2021 Revenue by Source



Total = $601,337,226

Source: Texas State Library and Archives Commission, Texas Statewide Public Library Statistics, Statewide Summary: 2021 https://www.tsl.texas.gov/ldn/statistics ★

Texas Public Libraries: A Great Investment

A study found that, in 2015, Texas public libraries collectively provided $2.628 billion in economic benefits while costing $566 million. That is a return of $4.64 for each dollar invested. This chart from the study shows how Texas compares to some other cities, counties, and states:

Jurisdiction	Year	Return on the Dollor
STATES		
Minnesota	Fy2010	$4.62
COUNTIES		
Salt Lake County, UT	2012	$5.47-$6.07
Santa Clara County, CA	2012	$2.50-$5.17
Toledo Lucas County, OH	2015	$3.87
CITIES		
Toronto	2012	$4.63
Texas	**FY2015**	**$4.64**

Table 4.2. Return on Investment in Recent Reports

Texas voters get it! In a 2008 public opinion survey, 94 percent of Texas voters agreed that public libraries are a good value for the tax dollar.

Sources: Jan. 2017, Texas Public Libraries: Economic Benefits and Return on Investment, Prepared for TSLAC by Bureau of Business Research, IC2 Institute, Univ. of Tex. at Austin.
Fall 2008, KRC Public Opinion Survey conducted on behalf of the Texas Library Association



TEXANS KEEP HEALTHY IN CITY PARKS

THE TEXAS ECONOMY KEEPS HEALTHY IN LOCAL PARKS – FIGURES FROM 2019

- Local parks across the state supported 77,149 jobs (third in the United States).
- By adding the effects of operations and maintenance, capital spending, and tourism, a total gross impact can be derived. Across the state, the total impact of local parks leads to an addition to business activity including $12 billion in economic activity (fourth in the United States).
- The labor income to the state from local parks activity is approximately $3.8 billion per year (fourth in the United States).

Source: National Recreation and Park Association; NRPA 2022 Agency Performance Review.

City parks are the front line in the battle of the bulge, and they help keep Texans feeling their best at home and while away. Texas cities face obstacles in promoting fitness, such as extreme weather, modern lifestyles, and funding challenges. In 2022, *WalletHub* included several Texas cities on the nation's fattest cities list. The magazine ranked the nation's 100 largest cities by considering various factors—such percentage of obese adults, availability of parks and recreation facilities, fruit and vegetable consumption, and high cholesterol percentages—when ranking city health and fitness.

Texas cities provide programs that improve the quality of life for individual participants and the overall community. All Texans, including youth and seniors, benefit from the opportunity to increase their health and reduce stress. Opportunities to build partnerships, enhance diversity, and learn tolerance through teamwork strengthen communities.

Several studies emphasize the importance of park access. Youth with access to places for physical activity are less likely to be overweight or obese, and individuals who live closer to parks use them more frequently than those who live farther away. Further, evidence also suggests that using recreation facilities and parks may lead to healthy lifestyle choices such as alternative modes of transportation like biking or walking.

According to the American Planning Association, there is evidence that when cities provide parks, it can make communities safer. City parks encourage youth to step away from their televisions and computer games for real social interaction while playing basketball, softball, soccer, gymnastics, or simply enjoying sunshine and wildflowers.

City parks provide outdoor recreation resources such as pools, softball fields, and Frisbee golf courses. Cities also provide indoor recreation activities for sports, arts, and nature programs. While most cities have hiking trails, some cities are investing in new interests such as dog parks and skate parks. Many cities even provide classes to encourage hobbies and various self-help classes such as income tax and language skills. ★

THE ROLE OF PARKS AND MENTAL HEATH

Parks and trails have always been a place for enjoyment and relaxation. However, they also play an essential role in supporting not only physical, but mental health. According to the National Recreation and Park Association (NRPA), several studies have shown that spending more time in parks and green spaces can help combat mental health issues such as depression, anxiety, and stress. In fact, mental health was of particular concern to the Center for Disease Control and Prevention during the COVID-19 outbreak.

During the first three months of the pandemic, 190 million people in the United States went to parks, trails, or open spaces. In addition, two in three park and recreation leaders reported increased usage of their agency's parks compared to previous year (with a median rise of 25 percent), while more than 80 percent reported an increased usage of their trails (with a median rise of 35 percent).

In response to the pandemic and statistics showing that one in five adults and one in six youth (ages 6 to 17) suffer from some form of mental illness each year, parks and recreation agencies have found ways to address this emerging public health issue through programming focused on mental health. These programs continue to be a primary focus of park and recreation agencies, too. A recent NRPA survey indicates that more than half of all park and recreation agencies will continue mental health programs that were developed in response to COVID-19. Some of these programs include yoga, tai chi, mindfulness, social connection opportunities for older adults, and virtual health and wellness programming for older adults.

Sources: Joint Statement on Using Parks and Open Space While Maintaining Physical Distancing (March 18, 2020); 2022 NPRA Engagement with Parks Report; NPRA Parks Snapshot May 2020; NRPA Parks and Improved Mental Health and Quality of Life Fact Sheet; 2021 NRPA Parks and Recreation: Advancing Community Health and Well-Being



INVESTING IN TOMORROW'S LEADERS:
CITY GOVERNMENTS INVOLVE YOUTH



Many Texas cities have created special programs to engage and involve youth. These programs can take many different forms—presentations at local schools, special recognition programs, mentoring or internship programs, and formal youth advisory commissions. At the heart of these programs is a desire to educate youth on the mechanics of city government, provide an outlet for youth to voice their ideas and concerns, and make sure that the city is nurturing their future leaders.

Some of the most comprehensive youth programs are formal youth advisory commissions (YACs). YACs are often authorized by city ordinance; have a well-defined mission statement, bylaws, and application process; and meet regularly. YAC commissioners participate in community service projects, provide input to city staff and elected officials on city policy matters, develop and organize youth activities, and serve as role models to their peers.

City officials know that, whatever the format, developing relationships with the city's youth is an investment in tomorrow's leaders and in the city's future. ★

THE TEXAS MUNICIPAL RETIREMENT SYSTEM: PROVEN SUCCESS

Many states around the country are faced with huge deficits in public worker pension plans. That has prompted lawmakers in those states to seek large-scale reforms in their retirement systems. Over the last few years, many states have undertaken major efforts to address those deficits by converting public pensions from defined benefit to defined contribution plans, which are similar to a 401(k). As those funding crises across the country continue, the drumbeat for "reform" in Texas pensions will continue to grow louder.

In Texas, the Texas Municipal Retirement System (TMRS) is responsible for the administration of a majority of city retirement plans covering both public safety and civilian city employees. The system is made up of 912 member cities, 140,000 contributing members, and 70,000 annuitants.

TMRS has taken great strides in recent sessions to make improvements in the system that provide retirement benefits to a majority of Texas city employees. The reforms have stabilized benefits and lowered city contribution rates, while ultimately using fewer tax dollars to fund pensions. They will also require training by pension system employees.

There are numerous reasons why TMRS has been so successful. TMRS relies on an advisory board of 10 members, including TMRS retirees, elected officials, pension experts, as well as representatives from both labor and employer groups. This advisory group thoroughly vets all legislative proposals while moving forward only with those that have consensus. The unified front during session provides for easy passage of the needed reforms.

TMRS has proven to be a well-funded model for pensions around the country. It should not be included in discussion about other, improperly funded pensions. ★





ADVOCACY IS VITAL

The Texas 88th Legislative Session began on January 10, 2023. Before, during, and after the session, League staff works directly with legislators on items of municipal interest. However, our influence is directly affected by your city's efforts to be heard. Help your city plan an active and consistent role in the League's legislative effort.

Stay Well Informed

The League provides several ways for members to stay informed about legislative issues. The *Legislative Update* is the primary legislative communication between the League and its members. It is sent electronically as part of the *TML Exchange* email to member city officials on Fridays.

The legislative portion of the League website (www.tml.org; click on "Policy" and then "Legislative Information") is another important information source. There you will find a link to the current issue of the *Legislative Update* newsletter, as well as an index to past issues of the newsletter, summaries of legislative hot topics, and the League's legislative program.

The 2023 legislative session will address many issues that will involve Texas cities and their ability to meet citizen demands for services. The League's best advocates for protection of municipal authority are its members—elected and appointed officials from cities of all sizes and geographic areas. TML needs your participation.

Contact Legislators Early and Often

Your legislators need to hear from you, or they're forced to make decisions on local government issues without fully appreciating the impact they will have on cities in their district. Meet formally at least once a year prior to the session to review key issues. Ask if phone calls, emails, letters, or personal contact works best for them during the session. Encourage your legislators to work with League staff, too.

Keep the League Informed

The League lobbying team includes Director of Grassroots and Legislative Services Monty Wynn, General Counsel Bill Longley, Grassroots and Legislative Services Manager JJ Rocha, and **you**. Always send copies of your correspondence to and from legislators to the League. League staff can work more effectively with your legislators when we know what you've said and received in return. It also allows us to incorporate your local circumstances into our commentary. Emails can be forwarded to legislative@tml.org.

Stick to It

It's a fact of life in public policy that things take time. Your consistent participation in the legislative process is essential to long-term success. ★

CALENDAR OF 2023 LEGISLATIVE SESSION

January 10

First day of 88th Regular Session

January 12

Legislative Webinar #1: Legislative Preview – What's Ahead for Texas Cities*

March 10

Deadline for filing bills

March 16

Legislative Webinar #2: Keep Your Finger on the Pulse*

April 13

Legislative Webinar #3: Be Heard at the Capitol*

May 4

Legislative Webinar #4: What to Expect in the Final Days*

May 29

Last day of 88th Regular Session

June 15

Onsite Workshop: Legislative Wrap-Up—Austin*

* Register your city to participate in these essential updates on key legislative actions at https://tmllegislativeseries.org

THE LEAGUE LEADS ADVOCACY EFFORTS.

One of the primary functions of the League is to unify cities and speak as the voice for city government in Texas. Each legislative session, the League staff works with city officials to educate state legislators about the needs of Texas cities. The League has developed a toolkit to help city officials successfully advocate at the Capitol. The toolkit can be found https://bit.ly/TMLToolkit.



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ABOUT TML

EMPOWERING TEXAS CITIES TO SERVE THEIR CITIZENS

Whether you are a city government novice or veteran, the Texas Municipal League (TML) has the resources, tools, and training to help you succeed in your leadership role.

Since its formation in 1913 by 14 cities, the League's mission has remained constant – to serve the needs and advocate the interests of its member cities.

Today, TML serves more than 1,178 member cities. That means about 16,000 mayors, councilmembers, city managers, city attorneys, and city department heads are member officials through their cities' participation.

How Is TML Organized?

TML has 15 regions that were formed in 1958 and are the League's grassroots. Regions work to foster the exchange of information among cities and help the TML Board of Directors develop policy that represents the state's diverse interests. Each region elects officers, including a representative who serves on the TML Board, and conducts meetings at least twice each year.

The League also has 21 affiliate organizations that represent specific professional disciplines in municipal government. For example, the Texas City Management Association (TCMA) is the professional association for city managers in Texas. TCMA is its own association, as well as a TML affiliate with a representative on the TML Board. Each affiliate group has its own membership criteria and dues structure that is separate from the League's.

TML is governed by a board of directors composed of a representative from each of the 15 regions, a representative from each of the 21 affiliate organizations, eight at-large directors (one from each of the state's largest cities), past TML presidents still in municipal office, a president and a president-elect, and two ex officio directors from the TML health and risk pools.

The Board appoints an executive director to manage the affairs of the League under the Board's general direction. Bennett Sandlin is the current executive director and has been serving in this role since October 2010.

TML employs a staff of 32 full-time employees and has seven departments: Administrative Services, Affiliate Services, Business Development, Communications and Training, Legal Services, Legislative Services, and Member Services.

What Does TML Do?

Legislative Advocacy

One of the principal purposes of the League is to advance and represent the interests of Texas cities at the state and federal levels.

The Texas Legislature meets for 140 days each odd-numbered year and meets frequently in special "called" sessions. There are hundreds of bills that adversely impact cities among the thousands of bills introduced each legislative session. Most would erode the authority of Texas cities to govern their own affairs or impose mandates that do not provide a commensurate level of compensation.

The League, working through its Grassroots and Legislative Services Department, makes every effort to assure that bad-for-city bills are defeated and bills that help cities operate more effectively are passed.

Through the years, thousands of proposals that would have undermined city government have been defeated. The League's legislative track record is one of unparalleled success.

Policy Development Process

Protecting the interest of Texas cities during each legislative session requires considerable planning to establish legislative priorities. While the TML legislative philosophy is based on protecting the ability of cities to govern their own local affairs, positions must be taken on dozens of issues that affect cities.

The process of adopting positions on legislation begins a full year before the regular legislative session convenes. In non-legislative years, the TML president appoints delegates to a two-day Legislative Policy Summit, where attendees deliberate and make policy recommendations.

The final report of the policy summit and any resolutions submitted by the general membership are then considered by the TML general membership at the annual business meeting held during the annual conference. Finally, the TML Board adopts a legislative program based on these approved resolutions.

The League uses this process to determine which issues are most important to Texas cities and how best to allocate its legislative resources.

Legal Services

The League employs full-time attorneys who are available to provide legal information on municipal issues to member cities, as well as example documents to assist cities in drafting ordinances and other required legal notices. The legal staff provides cities with information on changes in federal and state laws and regulations, as well as city-related developments in the courts.

In addition, the legal staff is available to deliver workshops on a variety of legal subjects to small cities' problem-solving clinics, affiliate organizations, and regional groups.

Information and Research

One of the main reasons that TML was formed back in 1913 was to provide information to member cities. Today, this remains an important service. TML staff has information on virtually every topic affecting Texas cities and can be reached by email, telephone, or regular mail.

The League offers several publications, most notably *Texas Town & City* magazine, *Legislative Update*, and the *Handbook for Mayors and Councilmembers*, to keep members informed on emerging municipal issues. In addition, the League provides issue papers on a variety of municipal issues and maintains research files that facilitate services to member officials.

TML also sends out several annual surveys that collect information on salaries, water and wastewater rates, taxation and debt levels, and general fiscal conditions.

Conferences and Training

TML conducts a variety of conferences, workshops, and webinars to enhance the knowledge and skills of municipal officials.

The TML Annual Conference and Exhibition is one of the nation's largest gatherings of city officials. The 2023 Annual Conference will be held October 4-6 in Dallas. In addition to keynote sessions, workshops, and the annual business meeting, the conference features an impressive exhibit hall with more than 350 companies representing products and services that benefit Texas cities.

The League also offers training opportunities designed specifically for elected officials. TML holds several Newly Elected City Officials' Orientations each year. A winter workshop will take place on January 20, 2023 in San Antonio, and the summer orientations



will be held July 20-21 in Round Rock and August 17-18 in San Antonio. These events offer training on the basics of serving on the governing body, and provide an overview on city regulation, land use, ethical governance, economic development, the Texas Open Meetings Act, advocacy, and more.

TML conducts other timely workshops and webinars for both elected and appointed officials throughout the year, including the Economic Development Conference, Public Funds Investment Act Training, Budget and Tax Rate Workshops, Leadership Academy, Small Cities' Problem-Solving Clinics, and the Legislative Series.

Business Development

Working through the League's Business Development Department, TML connects cities with products, services, and solutions offered by the private sector. Engaging the participation of event sponsors, exhibitors, and advertisers, also helps TML provide essential and affordable programs and services to member city officials.

Federal Representation

Through its membership in the National League of Cities, the Southern Municipal Conference, and other similar organizations, TML has a voice in Washington, D.C. working with these groups to ensure that Texas cities are heard in congressional offices and in the headquarters of various federal agencies.

Health and Risk Pools

For more than 40 years, the TML health and risk pools have provided Texas cities with quality coverage specifically designed to meet municipal needs. These pools are separate entities, but maintain a close working relationship with TML.

Benefit coverage for municipal employees and their families has become a major expense item in virtually every city budget. Cities throughout the state are holding the line on these costs by participating in the TML Health Benefits Pool (TML Health).

The TML Intergovernmental Risk Pool (TMLIRP) works to reduce the cost of property and casualty risks in Texas cities. In addition to providing a stable risk financing system, the TMLIRP offers education to its members to avoid and reduce risks, control losses, and stay informed on other aspects of risk management.

The League Today

TML is committed to helping city leaders in Texas meet today's governing challenges. The League prides itself on 110 years of service to Texas cities, and looks forward to providing the resources, knowledge, and advocacy to support city officials into the future. ★

TML Affiliates

American Planning Association Texas Chapter (APATX)
Association of Hispanic Municipal Officials (AHMO)
Building Officials Association of Texas (BOAT)
Government Finance Officers Association of Texas (GFOAT)
Texas Association of Black City Council Members (TABCCM)
Texas Association of Governmental Information Technology Managers (TAGITM)
Texas Association of Mayors, Councilmembers and Commissioners (TAMCC)
Texas Association of Municipal Health Officials (TAMHO)
Texas Association of Municipal Information Officers (TAMIO)
Texas Chapter of American Public Works Association (Texas Chapter of APWA)
Texas City Attorneys Association (TCAA)
Texas City Management Association (TCMA)
Texas Court Clerks Association (TCCA)
Texas Fire Chiefs Association (TFCA)
Texas Municipal Clerks Association, Inc. (TMCA)
Texas Municipal Human Resources Association (TMHRA)
Texas Municipal Library Directors Association (TMLDA)
Texas Municipal Utilities Association (TMUA)
Texas Police Chiefs Association (TPCA)
Texas Public Purchasing Association (TxPPA)
Texas Recreation and Park Society (TRAPS)

TML Regions

Region 2	Amarillo Area
Region 3	Caprock – Lubbock Area
Region 4	Permian Basin Region – Odessa Area
Region 5	Red River Valley – Wichita Falls Area
Region 6	Hub of Texas – Abilene Area
Region 7	Alamo Region – San Antonio Area
Region 8	Where the West Begins – Fort Worth Area
Region 9	Heart of Texas Region – Waco Area
Region 10	Highland Lakes Region – Austin Area
Region 11	Coastal Bend Region – Corpus Christi Area
Region 12	Lower Rio Grande Valley – Rio Grande Valley Area
Region 13	North Central Texas Region – Dallas Area
Region 14	San Jacinto Region – Houston Area
Region 15	Tyler-Longview Area
Region 16	Golden Pine and Oil Region – Beaumont-Lufkin Area

PUTTING THE FUN BACK IN STRATEGIC PLANNING

"LOOKING BACK BEFORE WE LOOK AHEAD"

By **Laurie Hall**, Founder and CEO, New Horizon Strategies, LLC

Most of us wouldn't associate the words "fun" and "strategic planning." Perhaps that's why our strategic plans aren't paying off the way we'd envisioned.

Failing to plan is planning to fail, especially for city leaders. We need a baseline approach to communicate our vision, bring people together, and create budgets, risks, and implementation plans for the year.

But if we start these visionary planning efforts with the wrong mindset, we're dooming their effectiveness from the start. Do your strategic plans feel more like a task list, or are they inspiring, visionary, and motivating?

Why Looking Back Matters

The first and most important tool in strategic planning is "looking back before we look ahead." This is critical in understanding what we want to achieve in the coming year. Unfortunately, it is the piece most of us leave out when trying to determine goals for the new year.

Why is this critical? What happens when we jump into new goal setting without appreciating the many events and experiences contributing to our current state? You already know.

> **We carry an emotional weight into the new year which sabotages our progress moving forward.**

For example, that might look or sound like…

"Maybe I should just list all the things I didn't get done last year."

"What good is strategic planning anyway when there's so much happening we can't control?"

"I'm scared to write down what I really, really want because I'll feel bad if it doesn't happen."

"What if I say I'm going to do this out loud, and then others hold me accountable for it? I don't want to be punished for not getting it done."

All these thoughts and feelings are real. When we look back before we look ahead, we can appreciate everything we didn't write down as a goal last year but accomplished, nonetheless. Take a moment to consider what percentage of things your city accomplished were not specifically written down on your strategic plan at the beginning of the year (or whenever you last wrote one). It's probably less than 25 percent, and maybe even less than 10 percent. In our lives, most of what we accomplish was not on a goal list anywhere. We forget to take credit when we think about how successful we are. Imposter syndrome is real, and not taking credit for the unique learning at every step contributes to feeling like we're not doing enough.

Looking back before we look ahead enables us to see our successes, and helps us see why we are motivated to do what we're so intrinsically drawn to accomplish in the short time we have on the planet. Looking back often changes the goals we thought we "should" do this year and helps us realize what we really want to do.

Strategic Planning Isn't Just for Business

Before we get started, there's one more paradigm to shift to mine that fun. Strategic Planning is only for business, right?

Focusing on ourselves first is critical before we jump into what our teams, organizations, and cities can do next year. Strategic planning often isn't fun because it feels like it's just another list of things we have to do. We don't see our own hopes, dreams, and goals aligned with our organization or team. This makes us feel like we're on an endless cycle of work, work, and more work, eventually wondering, "what's the point?"

> **When we don't see ourselves in what we're doing, it steals our joy.**

One of the top five most watched TED talks of all time is presented by Simon Sinek on "How Great Leaders Inspire Action". He helps us see when we connect to each other's WHY it sparks the passion within us, too. We become rooted in the mission when it aligns with our own values, hopes, and goals. *(If you haven't watched this TED talks, Google Simon Sinek and TED. Consider what your WHY is.)*

These instructions are geared for you to consider your own accomplishments but can easily be converted to group activities.

Looking Back Before We Look Ahead Instructions

1. If you did write down goals last year, pull those up to briefly review what happened. Consider grading your goals this way.

- ✓ Accomplished
- ✓ Partially Accomplished
- ✓ Not Accomplished
- ✓ Overcome by Events (or Not Applicable Anymore)

Don't overthink this part; just see what your best intentions were a year ago. What did you learn from each of your goals regardless of how completely you accomplished them?

2. Next use your favorite modality to create 12 columns representing each month of last year (January through December, or whatever timeframe aligns best to your planning). Within each column of last year, review your calendars (personal and professional) to see what you did, tried, hoped for, and brain write what actually happened in that month. Brainwriting means that we freely write without worrying about any editing or rationalizing. Consider the emotions and thoughts you had at the time versus writing about it ended up working out. You may want to go through emails or your social media posts to determine what else happened that month. Use the resources that work for you.

For example, this is what I captured in May 2020 "*Asked to speak at a leadership summit (lots of last-minute planning), marketing change leadership vs. management, asked to speak at HR full day workshop on Navigating Change Leadership (again at two huge companies), replaced the garbage disposal, jet flyovers to commemorate 2020 COVID shut down, our dog not walking well, experienced grace on a walk in my neighborhood (saw two greyhounds right when I was feeling sad about losing ours in January), chased the sun to the beach and toured a house for sale on the Bayside (maybe we'll buy a beach house someday?). Awarded two more huge contracts! Went to my favorite restaurant to celebrate and had a small Birthday party with keto cake (is the world is starting to open up?). SpaceX successfully launched US astronauts from US soil after 9 years. Pretty sure we need to put our last dog down (frustration with the vet over not listening to us)…on my birthday? No, it was 2 days later, on May 28th. Sad month but also filled with lots of big breakthroughs.*"

3. After you've taken the time to do this notice your feelings from each month's reflection and the overall year. We tend to forget the details of what we did within a month unless it had a deeply significant emotional impact. Putting it all together allows us to make connections in how things flowed together that we could not see until we look back on it.

> **The seemingly disconnected events of our lives tend to make sense when we look at them in the rear-view mirror.**

We can see how things happened that enabled us to be right where we needed to be for an opportunity we had not expected. This is true for both good and painful experiences. Sometimes it is the painful times that help us grow the most. Innovation doesn't happen in harmony. Few things in life are fully good or bad, they're just necessary to get us to the next step of our lives.

As you review your looking back creation, consider some questions.

- When was I the happiest last year? What made me happy?
- When was I the most stressed last year? What stressed me?
- When was I the busiest? When was it the slowest? Is there a correlation to happiness or stress for me in how busy or slow it was?
- What felt so important last year before I accomplished it, but I almost forgot to list it looking back? Why did I think that was so important?
- What feels really important looking back on it now that at the time didn't register as being significant?
- Are there any correlations to the order of events when I look back on last year in hindsight?
- What would I like to repeat? What do I definitely not want to repeat?

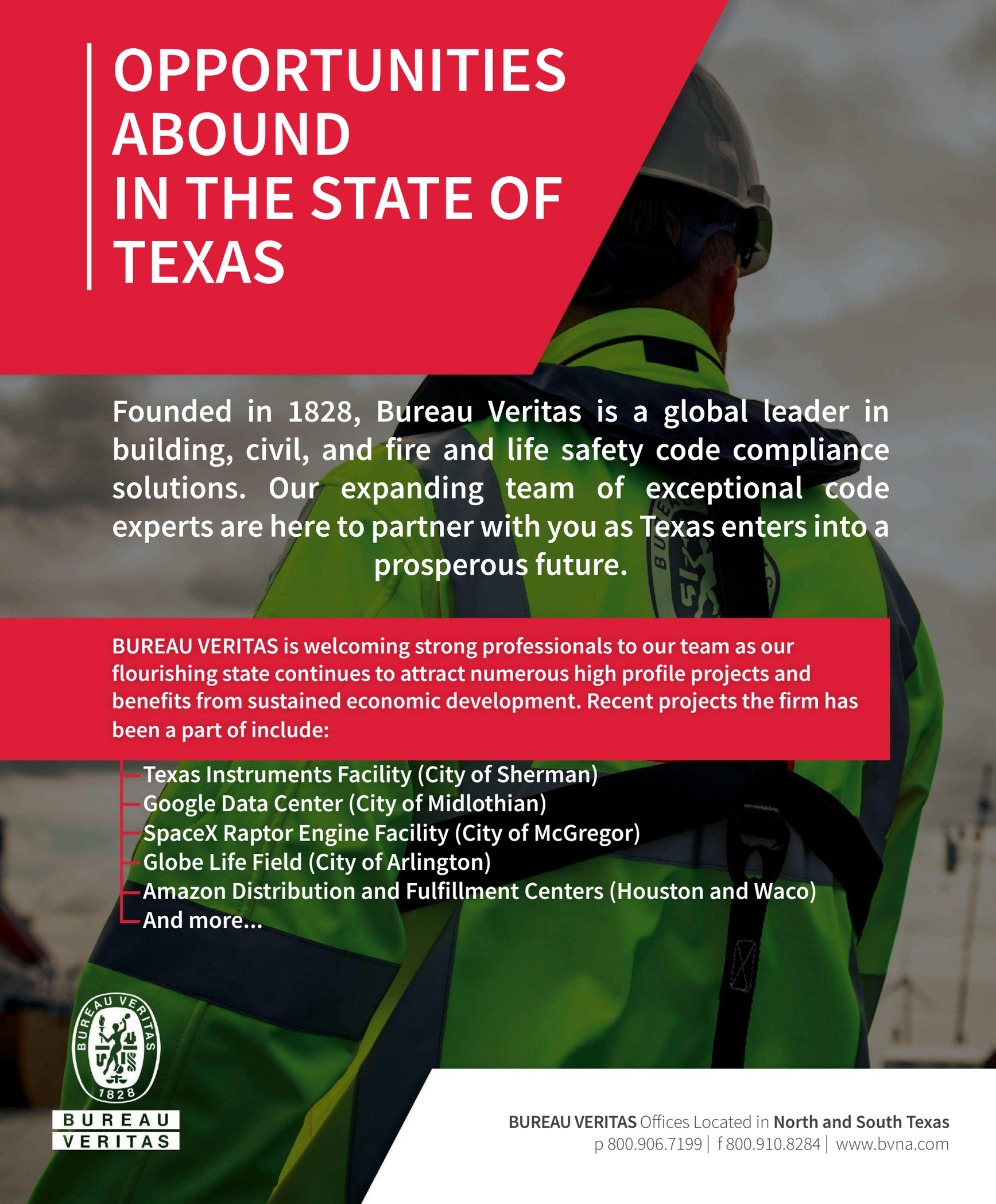
Now you're in the open, appreciative, creative mindset to consider what you really want next year. You may not have the same goals as before you looked back. Or maybe you do, but with a more deeply rooted sense of purpose and aspiration.

We highly recommend this activity with organizations to connect teams together beyond tasks and budgets. Consider how much time alignment with your needs, wants, and motivations is worth to those huge goals you have both personally and professionally.

Happy Planning!

Laurie Hall – *a certified coach, certified facilitator and seasoned speaker – founded New Horizon Strategies, LLC in 2011 to inspire sustainable change in the professional world. New Horizon Strategies guides leaders who are facing a change by themselves – and feeling stuck. Through our executive coaching, facilitation, and consulting, leaders move from transition to transformation using philosophies such as Lean Six Sigma and Strategic Planning to Cultural Values Assessments and Team Building.* ★

OPPORTUNITIES ABOUND IN THE STATE OF TEXAS



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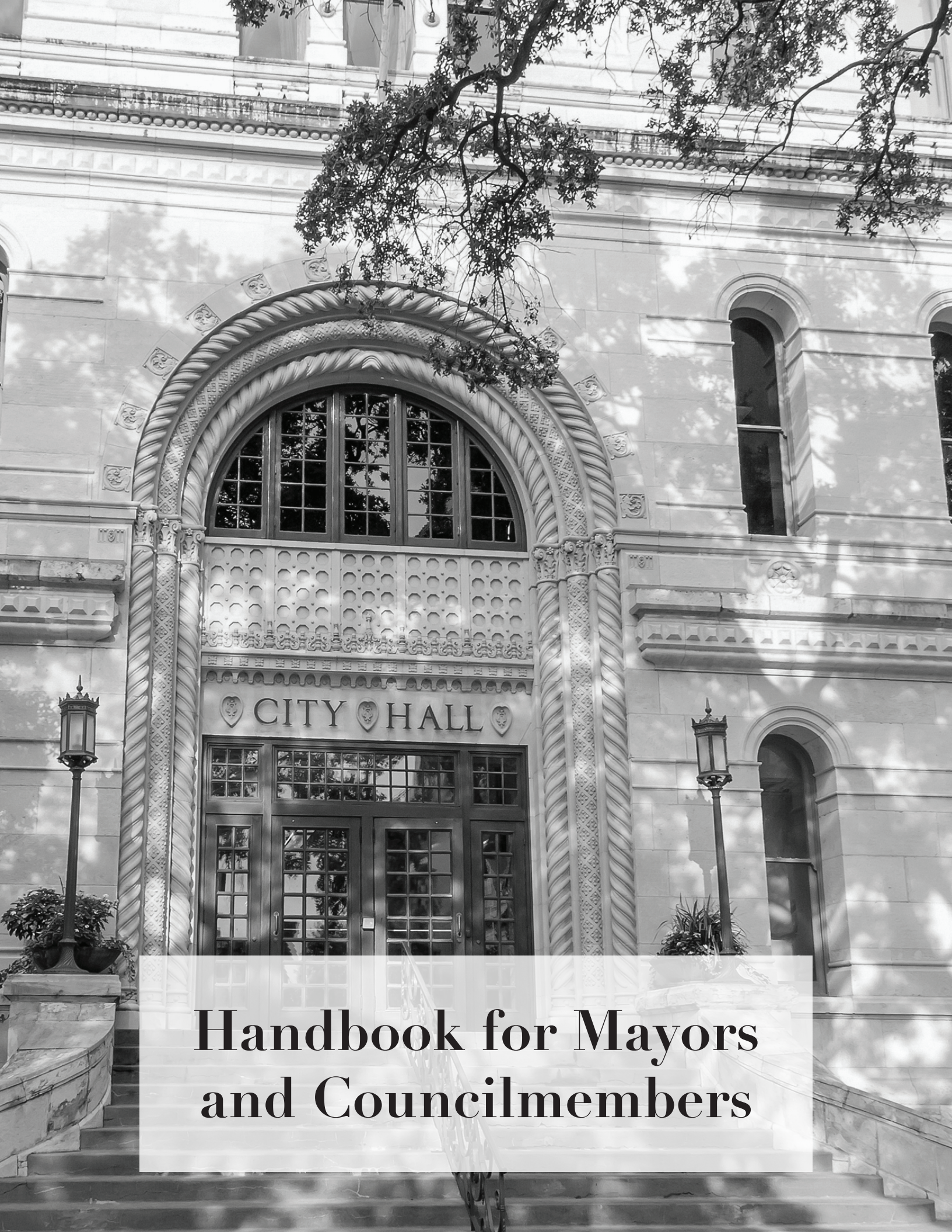
BUREAU VERITAS is welcoming strong professionals to our team as our flourishing state continues to attract numerous high profile projects and benefits from sustained economic development. Recent projects the firm has been a part of include:

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- Google Data Center (City of Midlothian)
- SpaceX Raptor Engine Facility (City of McGregor)
- Globe Life Field (City of Arlington)
- Amazon Distribution and Fulfillment Centers (Houston and Waco)
- And more...

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Handbook for Mayors and Councilmembers

TEXAS MUNICIPAL LEAGUE

1821 Rutherford Lane, Suite 400, Austin, Texas 78754

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2024 HANDBOOK FOR MAYORS AND COUNCILMEMBERS



Foreword

Serving as a local elected official is one of the most demanding—and often thankless—tasks a citizen can perform. Municipal officials can be called upon day and night. They are subject to constant criticism, and almost everything they do will be wrong in someone's opinion. Many spend their own money to campaign for election; most receive little, if any, pay for the job.

But serving in local office can also be rewarding and productive. For many, it is more important than being in Congress or the state legislature because the city is the real world where municipal officials can make good things happen for their fellow city residents.

We hope this handbook will offer a few suggestions that will make your job easier. Obviously, this guide cannot touch upon every relevant subject, but it does include what we think are the most important topics. Throughout, however, it should be recognized that this handbook is only a guide and that there is no substitute for competent legal advice regarding interpretations of the law and other questions that might arise in specific situations.

If you don't find the answers to your questions about the part of city government you are covering or the issues facing cities today, we're ready to assist you in any way we can. Just give us a call at 512-231-7400, email us at legalinfo@tml.org, or visit our website at www.tml.org.

We wish you great success.

BENNETT SANDLIN

TML Executive Director


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TABLE *of* CONTENTS

INTRODUCTION 7

CHAPTER ONE:
LOCAL GOVERNMENT IN TEXAS 8
Units of Local Government 8
Categories of General Law Cities 9
City Manager Plan 10
The Home Rule Concept 11
Inherent Powers of Home Rule Cities 12
Limitations on Home Rule Powers 13
The Charter Document 15
Forms of Home Rule City Government 15

CHAPTER TWO:
ROLES AND RESPONSIBILITIES OF OFFICERS IN GENERAL LAW CITIES 17
Office of the Mayor 17
Office of the Mayor Pro Tem 20
Office of Councilmember 20
Qualifications 21
Terms of Office 21
Vacancies 22
Absences 22
Removal 22
Compensation 22
Expense Reimbursement 22

CHAPTER THREE:
ROLES AND RESPONSIBILITIES OF OFFICERS IN HOME RULE CITIES 23
Office of the Mayor 23
Office of the Mayor Pro Tem 24
Office of Councilmember 25
Terms of Office 25
Qualifications 26
Vacancies 26
Compensation 27

CHAPTER FOUR:
POWERS AND DUTIES OF CITIES 29
Administrative Oversight in General Law Cities 29
Administrative Oversight in Home Rule Cities 30
The Police Power 31
Planning, Subdivision Controls, and Annexation 31
Regulation of Streets and Other Public Places 32
Construction of Public Facilities 32
Donations of City Funds 32
Payment of Bonuses to City Employees 33
Public Purchasing 33
City Depository 34
Uniform Election Dates 34
Official Newspaper 34
Federal Voting Rights Act 34
Delegation of Legislative Powers 34

CHAPTER FIVE:
THE CITY COUNCIL AT WORK: MEETINGS 35
Legal Requirements 35
Texas Open Meetings Act 35
Public Information Act 37
Formal Meetings of the Council/ The Agenda 39
Rules of Order and Procedure 40
Motions 40
Streamlining Council Meetings 43
Council Work Sessions 44
Public Participation 44
Public Hearings 45

CHAPTER SIX:
FINANCIAL ADMINISTRATION 47
Revenue Sources 47
Budgeting 50
Municipal Borrowing 52
General Obligation Debt 53
Revenue Bonds 54
Bond Ratings 54
Bond Elections 55
Installment Obligations 55
Anticipation Notes 55
Capital Improvements Programming 56
Financial Reporting 57
Investments 57
Financial Warning Signals 58

CHAPTER SEVEN:
ORDINANCES AND RESOLUTIONS 59
Compatibility of Ordinances with State and Federal Laws 59
Validity of Ordinances 60
Form of the Ordinance 60

CHAPTER EIGHT:
CONFLICTS OF INTEREST 63
Dual Office-Holding 63
City Actions that Benefit Members of Council 63
Nepotism 66
Purchasing 66

CHAPTER NINE:
PERSONAL LIABILITY OF MEMBERS OF CITY COUNCIL 67
Liability Under State Law 67
Liability Under Federal Law 68

CHAPTER TEN:
SOURCES OF INFORMATION 69
Local Sources 69
Texas Municipal League 69
National Resources 69

About the Texas Municipal League

In the summer of 1913, Professor Herman G. James, director of the Bureau of Municipal Research and Reference at the University of Texas at Austin, and A.P. Woolridge, then the mayor of Austin, formed the League of Texas Municipalities.

The two men invited representatives from all Texas cities to come to Austin on November 4, 1913, for an organizational meeting. Fourteen cities sent representatives to Austin. At that first meeting, a modest membership fee was approved along with a constitution to govern the association.

Since that time, the League has grown into one of the largest and most respected organizations of its kind in the nation. From the original 14 members, TML's membership has grown to over 1,170 cities. Membership is voluntary and open to any city in Texas. More than 16,000 mayors, councilmembers, city managers, city attorneys, and department heads are member officials of the League by virtue of their cities' participation. Guided by its purpose statement – *Empowering Texas cities to serve their citizens* – TML exists to provide support and services to city governments in Texas.

League services to its member cities include legal information on municipal legal matters, legislative representation on the state and federal levels, information and research, publication of a monthly magazine, conferences and training seminars on municipal issues, and professional development of member city officials.



Introduction

HOW TO USE THIS HANDBOOK

In the past, the League has prepared two separate handbooks for city officials: one for those in general law cities, and one for those in home rule cities. In the interest of efficiency, those books have been combined to form this *Handbook for Mayors and Councilmembers*. Most of the information is relevant to all cities. But a fundamental understanding of the fact that there are two types of cities in Texas will help the reader recognize those areas where a distinction is made.

For further information visit the TML website at www.tml.org or contact the League's legal services department at legalinfo@tml.org

The two types of cities in Texas are general law and home rule. Most smaller cities (those with 5,000 or fewer inhabitants) are general law cities. A general law city operates exactly as its name implies: it can do only what state law expressly authorizes. The most important part of that authorization is the form of government of a general law city. State law defines the composition of the governing body and various items that go with that (such as filling vacancies on the governing body). Chapter two describes in detail the roles and responsibilities of officers in general law cities: Type A, Type B, and Type C. The main differences in the powers of the different types of cities are largely of historical interest, but the state law directing the makeup of the governing body is still very important.

When a general law city reaches 5,000 inhabitants, it may follow procedures in state law to draft a home rule charter. The draft is then submitted to the voters of the city at an election. If the voters approve the charter at the election, the city becomes a home rule city. A home rule city is governed by its charter (see chapter three for the roles and responsibilities of officers in home rule cities) and looks to state law for limitations on its power. The state legislature has frequently passed laws that limit the authority of home rule cities, and state law also frequently imposes certain procedures that must be followed by any type of city.

This handbook is meant to be a broad and general overview of cities in Texas. Many of the topics are covered in much more detail in various papers and memos available from the League. City officials with questions about items in this book or anything relating to the governance or authority of their city should visit the TML website at www.tml.org and/or contact the League's legal services department at legalinfo@tml.org. The information in this handbook, or other information obtained from the League, should never be substituted for the advice of local legal counsel.



Chapter One: Local Government in Texas

Understanding city government requires some knowledge of all local governments. This chapter briefly discusses counties, school districts, council of governments, and types of city governments.

Units of Local Government

According to 2022 Census of Government figures, Texas has 1,225 cities, 254 counties, 1,070 school districts, and 2,984 special districts. During the past 20 years, the number of special districts has steadily increased, due mainly to the rapid creation of water districts in unincorporated areas. Conversely, the number of school districts has steadily declined as smaller systems have consolidated with larger ones. The number of counties has remained constant for 100 years, while the number of cities is increasing at an average of about 10 per year.

The United States Census Bureau also recognized that five of the 10 cities with the largest recent population gains were in Texas —San Antonio, Fort Worth, Georgetown, Leander, and New Braunfels. Texas also had six of the most recent 15 fastest-growing cities by percentage — New Braunfels, Georgetown, Kyle, Little Elm, Leander, and Conroe.

Counties

Counties are known as "general purpose" governments due to the many different functions they perform. Counties serve the dual purposes of providing governmental services for the benefit of their residents and administrative services on behalf of the state. Major governmental services include road construction and maintenance, jails and courts, welfare, health, and law enforcement. Administrative services performed by counties as agents of the state include voter registration and motor vehicle licensing.

Special Districts

Schools and the many types of special districts are known as "single-purpose" governments, since they usually perform just one function, such as education, water supply, or hospital care. Most special districts serve a limited geo- graphical area and were created because of the inability of general purpose local governments to provide a particular service.

Councils of Governments

Councils of governments (COGs) are also known as "regional planning commissions." COGs are defined as "political subdivisions of the state" under Texas law. However, COGs differ considerably from cities, counties, and other conventional local governments because they cannot levy taxes nor incur debt.

COGs are voluntary, area-wide associations of local governments. Their function is to foster local cooperation among localities by serving as forums for intergovernmental problem-solving and by planning governmental programs and facilities on a regional basis. Though they do not have broad power to execute projects, many of the state's COGs provide direct services on a limited basis.

Each COG operates under the supervision of a governing body composed of elected officials representing participating local governments. Financing is provided by a combination of dues paid by member governments and federal and state funds.

Cities

Among all the different types of local governments, cities perform the greatest number of functions, both governmental and proprietary.

State law specifically defines and lists certain activities as either governmental or proprietary functions in the Texas Tort Claims Act. The law lists 36 functions that are govern- mental. Included among them are police and fire protection, health and sanitation services, street construction and design, transportation systems, establishment and maintenance of jails, and enforcement of land use restrictions. Three functions are listed as

proprietary: the operation and maintenance of a public utility, amusements owned and operated by a city, and any activity that is abnormally dangerous or ultra-hazardous. Functions that are listed as governmental are not included as proprietary functions.

There are two categories of cities in Texas: home rule and general law.

Home rule cities are larger cities with more than 5,000 inhabitants in which the residents of the city have adopted a home rule charter. A charter is a document that establishes the city's governmental structure and provides for the distribution of powers and duties among the various branches of government.

The legal position of home rule cities is the reverse of general law cities. Rather than looking to state law to determine what they may do, as general law cities must, home rule cites look to the state constitution and state statutes to determine what they may not do. Thus, if a proposed home rule city action has not been prohibited, limited, or preempted by the state, the city generally can proceed.

General law cities are smaller cities, most of which are less than 5,000 in population. All general law cities operate according to specific state statutes prescribing their powers and duties. General law cities are limited to doing what the state authorizes or permits them to do. If state law does not grant general law cities the express or implied power to initiate a particular action, none may be taken.

Approximately seventy-five percent of all Texas cities operate under the general laws; the remainder are home rule cities. "General law" is a term used to describe all of the state laws applicable to a particular class of things. A general law city, therefore, is one that is subject to all of the state laws applicable to such cities, many of which are found in the Local Government Code.

General law city officials occasionally call the Texas Municipal League office to request a copy of their "city charters." Unlike home rule cities, general law cities do not have charters. The creation of a general law city is documented in its incorporation papers, filed at the county courthouse, which describe when the city was established and its original boundaries.

Categories of General Law Cities

There are three categories of general law cities: Type A, Type B, and Type C. Although it is sometimes difficult to distinguish between the types, it is necessary to know the difference in order to determine which state laws apply.

Type B General Law Cities

Most new cities begin as Type B general law cities under a state law that permits the incorporation of any area containing 201 to 10,000 inhabitants. Later, as the population of a city grows to 600 or more, it can make a transition to Type A.

In a Type B general law city with the aldermanic form of government, the governing body is known as the "board of aldermen" and includes six members (a mayor and five aldermen), all of whom are elected at-large. At its discretion, the board of aldermen may provide by ordinance for the appointment or election of such additional officers as are needed to conduct the business of the city.

A Type B general law city has the same powers and duties as a Type A general law city, except where specifically provided otherwise. In other words, a Type B general law city has the authority of a Type A general law city in a particular issue where the law governing a Type B city is silent on the particular issue.

Type A General Law Cities

Type A general law cities are usually the larger general law cities. Most were incorporated under Type B status and then switched to Type A status when their population increased to 600 or more, or when they had at least one manufacturing establishment.

The governing body of a city operating as a Type A general law city is technically known as the board of aldermen, although many cities refer to it as the "city council." The governing body varies in size depending on whether the city has been

divided into wards. If the city has been divided into wards, the council consists of a mayor and two councilmembers from each ward—whatever the number. If the city has not been divided into wards, the governing body always consists of a mayor and five councilmembers.

In addition to the city council, other municipal officers include a marshal, treasurer, tax assessor-collector, city secretary, city attorney, and engineer. Whether these offices are elective or appointive depends on the method selected by the city council for filling them. Moreover, the city council may provide by ordinance for the appointment or election of such other municipal officers as it deems necessary.

Type C General Law Cities

A Type C general law city operates with the commission form of government. The governing body is known as the "board of commissioners" and always consists of a mayor and two commissioners. No other elective officers are required; however, the board of commissioners must appoint a city clerk, and may provide by ordinance for the election or appointment of such other officers as are required.

In a Type C general law city of 500 or less population, the board of commissioners must follow the requirements applicable to a Type B general law city—that is, the board of commissioners has the same powers and duties as the board of aldermen in a Type B general law city, except where specifically provided otherwise. In a city of over 500 population, the board of commissioners must follow the requirements of a Type A general law city, except where specifically provided otherwise.

Any city operating under the commission form of government can change over to the aldermanic form of government, and vice versa. The commission form of government in a general law city should not be confused with the commission plan adopted by the City of Galveston at the turn of the century. Under the Galveston plan, each member of the municipal governing body—the city commission—simultaneously served as legislators and heads of the city's administrative departments. Thus, one member of the governing body served as "police commissioner," another served as "fire commissioner," and so on, with each commissioner exercising day-to-day supervisory authority over a particular department.

General law cities operating under the commission form of government are not authorized to adopt the Galveston plan.

In a general law city, one commissioner, alderman or councilmember, acting alone, has no individual power; only the commission, board of alderman or city council, acting collectively, exercises power.

City Manager Plan

The city manager plan can be adopted in any general law city under the provisions of Chapter 25 of the Local Government Code:

1) Upon presentation of a petition signed by at least 20 percent of the total number of qualified voters voting for mayor in the last preceding city election, the mayor must call an election on the question of adopting the city manager plan within 10 days after the date the petition is filed.
2) If a majority of the votes cast at the election favor adoption of the city manager plan, the council must, within 60 days after the election, appoint a city manager and fix his or her salary by ordinance.
3) The administration of the city is to be placed in the hands of the city manager, who serves at the pleasure of the city council.
4) In any city where the city manager plan has been approved, all officers of the city, except members of the governing body, thereafter shall be appointed as may be provided by ordinance.
5) Procedures for repealing the city manager plan are essentially the same as for adopting it.

The basic structure of the city manager plan is similar to that of a private corporation, in which the stockholders elect a board of directors which then hires a president to run the company. Under the city manager plan, the voters elect a city council which, in turn, hires a city manager to

administer the city's day-to-day affairs.

Under the city manager plan, the council serves as the legislative body. The council sets policy, it approves the budget and sets the tax rate, and it determines the size of the payroll and the extent and cost of municipal services. In short, the council is the final authority on all of the many policy decisions that determine the scope and functions of the city government.

The mayor and councilmembers have no administrative duties under the city manager plan. These are vested in the city manager, who is responsible for directing the workforce and programs of the city in accordance with ordinances, rules, and regulations adopted by the council.

The typical city manager in Texas is appointed for an indefinite term and is subject to dismissal by the council at any time except as otherwise prohibited by law. He or she is designated as the chief executive and administrative officer of the city and is accountable to the council for the proper conduct of all municipal operations. The manager has the unilateral authority to hire, discipline, and fire the department heads under the manager's control. In some cases, however, certain employees, such as the city attorney or municipal judge, are directly hired and/or supervised by the council rather than the manager. Although the manager's role varies from one city to another, the primary function is to implement the policies established by the council and ensure that the city is operated in an economical and responsible manner. Specific duties of the manager may include the following:

1) Enforcing all city ordinances, rules, and regulations.
2) Supervising all municipal employees and programs.
3) Preparing and executing the city's annual budget pursuant to the revenue and expenditure plans adopted by the council.
4) Managing the city's funds and preparing periodic reports that advise the council and the general public of the city's financial condition.
5) Providing information to the council to facilitate its ability to make informed decisions in the best interests of the city.
6) Preparing council meeting agendas and attending all such meetings to serve as a resource to the council and the public.
7) Drawing the council's attention to community needs and recommending alternatives by which the council can respond to those needs.

Adopting the city manager plan does not change the basic governmental framework of a general law city. Rather, it is an administrative mechanism added to the basic structure.

Legislation passed in 2003 clarifies that city councils of cities that have not adopted a city manager plan under chapter 25 of the Local Government Code are free to delegate by ordinance management duties to a city administrator.

The Home Rule Concept

Although scholars have used a variety of flowery phrases to describe the concept of home rule, the principle is simple: home rule is the right of citizens at the grassroots level to manage their own affairs with minimum interference from the state. Home rule assumes that governmental problems should be solved at the lowest possible level, closest to the people.

As mentioned earlier, home rule cities look to the state to tell them what they are prohibited from doing, rather than for specific grants of authority to undertake particular functions. In *Forwood v. City of Taylor*, the Texas Supreme Court summarized Texas' home rule doctrine as follows:

> *It was the purpose of the Home-Rule Amendment ... to bestow upon accepting cities and towns of more than 5,000 population full power of self-government, that is, full authority to do anything the legislature could theretofore have authorized them to do. The result is that now it is necessary to look to the acts of the legislature not for grants of power to such cities but only for limitations on their powers.*

As a result of the *Forwood* case and other court decisions upholding their broad powers, home rule cities have the inherent authority to do just about

anything that qualifies as a "public purpose" and is not contrary to the constitution or laws of the state.

Inherent Powers of Home Rule Cities

An "inherent power" is one that is possessed by a city without its having been specifically granted by the state. It is the right to perform an act without having received that right from the Texas Constitution or the state legislature.

Home rule cities have many inherent powers. A discussion of some of the inherent powers of major significance may explain why so many cities have chosen to adopt home rule charters.

Municipal Organization

In contrast to counties or general law cities, whose organization is fixed by state law, the governmental structure of a home rule city is left entirely to the discretion of local voters. The residents of a home rule city are free to decide their form of municipal government (mayor-council, council-manager, and so on); choose between a large or small city council; provide for the election of the city council at-large, by single-member district, or by place; fix the terms of office for councilmembers at two, three, or four years; or establish overlapping terms of office. Moreover, they can decide whether the mayor is to be elected directly by the voters, selected from among members of the council, or chosen by some other method.

The residents of a home rule city also have total discretion over the city's administrative structure. Subject only to local preferences, the charter can establish a simple administrative framework or a complex one, provide for the appointment or election of major administrative officials, and so on. And finally, the charter can provide for the creation of any boards or commissions that local voters decide are necessary to make the city function effectively.

Annexation

From 1912-2019, the inherent power of a city to unilaterally annex adjoining areas was one of the most important home rule prerogatives. To annex "unilaterally" means that the city can bring an adjacent, unincorporated area into the city without the permission of the persons residing in that area.

In 2019, the legislature passed H.B. 347, which drastically altered the annexation landscape for all cities. Now a city may only annex:

1) Vacant land at the request of the landowner;
2) An area with a population of less than 200 only if the following conditions are met, as applicable: (a) the city obtains consent to annex the area through a petition signed by more than 50 percent of the registered voters of the area; and (b) if the registered voters of the area do not own more than 50 percent of the land in the area, the petition described by (1) is signed by more than 50 percent of the owners of land in the area; and
3) An area with a population of 200 or more only if the following conditions are met, as applicable: (a) the city holds an election in the area proposed to be annexed at which the qualified voters of the area may vote on the question of the annexation and a majority of the votes received at the election approve the annexation; and (b) if the registered voters of the area do not own more than 50 percent of the land in the area, the city obtains consent to annex the area through a petition signed by more than 50 percent of the owners of land in the area.

Initiative, Referendum, and Recall

Initiative, referendum, and recall are inherent home rule powers that are reserved for exclusive use by local voters to provide direct remedies in unusual situations. There is no constitutional or statutory authority for initiative, referendum, or recall. These powers are unique to home rule cities, and they are not available to voters at any other level of government, including the state.

Initiative is a procedure under which local voters directly propose (initiate) legislation. Lawmaking through the initiative process allows local voters to circumvent the city council by direct ballot box

action on new ordinances that have wide support in the community, but which the council refuses to enact.

The initiative process begins with the circulation of a petition setting forth the text of the desired ordinance. Then, petitioners must obtain the number of voter signatures needed to force the city council to submit the ordinance to the people at a citywide election. Petition signature requirements vary from charter to charter. Some are based on a percentage of the number of qualified voters in the city, while others are expressed as a ratio of the number of votes cast at the last general city election.

After a completed petition is filed, the city secretary checks it to make sure that all of those who signed are qualified voters. If the petition complies with the requirements of the charter and the Election Code, the city council has two options: (1) it can adopt the proposed ordinance; or (2) it must call an election on the ordinance. If, at the election on the proposed ordinance, a majority of those voting favor its adoption, the ordinance is put into effect.

Referendum is a procedure under which local voters can repeal unpopular, existing ordinances the council refuses to rescind by its own action. The procedures for forcing the city council to call a referendum election are usually the same as for initiative elections. Petitions calling for an election to repeal "Ordinance X" are circulated. When the required number of signatures is obtained, the petition is submitted to the city council, which can either repeal the ordinance by its own action or call an election at which the residents can vote to repeal it. If, at such an election, a majority favors retaining the ordinance, it is left on the books. If a majority favors its repeal, it is rescinded when the council canvasses the election returns.

Recall is a process by which local voters can oust members of the city council before the expiration of the members' terms. Under most charters, a recall election begins with the filing of an affidavit stating the name of the member of council whose removal is sought and the grounds for removal. The city clerk or secretary then furnishes the person filing the affidavit with petition forms that must be completed and returned within a prescribed time.

Most city charters impose two further limitations on recall efforts. First, they prohibit more than one recall election per member per term. Secondly, they forbid recall elections for any member during the early stages of his or her term—as, for example, prohibiting an election to recall a member within 60 days of the date he or she was sworn into office, or prohibiting recall elections for members whose terms will expire within 60 days. The following language is typical of charter recall provisions:

> *The people of the city reserve the power to recall any member of the council and may exercise such power by filing with the city clerk a petition, signed by qualified voters of the city equal in number to at least ten percent of the qualified voters of the city, demanding the removal of a member.*

Charter Amendments

In addition to initiative and referendum, direct lawmaking by local voters can be accomplished through amendments to the charter document itself. Under Section 9.004 of the Local Government Code, citizens can force the city council to call an election on a proposed charter amendment by simply filing a petition signed by five percent of the qualified voters or 20,000, whichever is less. Voter-initiated charter amendments, if adopted, can change most aspects of the city government.

Limitations on Home Rule Powers

Although the powers of a home rule city are broader than that of a general law city, they remain subject to all the limitations imposed by state and federal law. Some of these are briefly summarized below.

Every city must comply with the federal and state constitution and statutory requirements. Examples include state statutes that require every city to pay unemployment taxes, that require cities with 10,000 or more in population to pay longevity compensation to its police officers and firefighters or prohibit conducting regular city elections on any day except on those days prescribed by the Election Code.

Though certain limitations are imposed on home rule cities by the state, some can be further narrowed by local action. For example, the Texas Constitution authorizes any city with more than 5,000 inhabitants to levy property taxes at a maximum rate of $2.50 per $100 assessed valuation. But a home rule charter may set a local ceiling lower than that. If a city's charter limits the city tax rate to $1.70 per $100 of assessed valuation, this provision has the same effect as state law. The city council is bound by it even though the state constitution permits a higher rate.

Additionally, the governing body of a home rule city cannot act on any matter which has been preempted by the state. A clear example of preemption by state law can be found in the Texas Alcoholic Beverage Code. In this code, the state sets the business hours of retail liquor stores. Therefore, an ordinance requiring liquor stores to open or close at times other than those prescribed by state law may not be enacted. Another example of clear preemption is recent legislation that prohibits cities from adopting or enforcing an order, ordinance, or other measure that imposes a curfew on juveniles.

Some areas of preemption are much less clear now. In 2023, the Legislature adopted H.B. 2127, also known as the "Texas Regulatory Consistency Act," which curbed city authority.

H.B. 2127 expressly preempts a city from adopting or enforcing five types of regulations:

- Regulations of employment leave, hiring practices, breaks, employment benefits, scheduling practices, and any other terms of employment that exceed or conflict with federal or state law for non-city employers;
- New or amended predatory lending regulations;
- Regulations impeding a business involving the breeding, care, treatment, or sale of animals or animal products, including a veterinary practice, or the business's transactions if the person operating the business holds a state or federal license to perform such actions or services;
- New or amended regulations relating to the retail sale of dogs or cats; and
- Regulations involving evictions.

Most notably, H.B. 2127 among other things, prohibits a city from adopting or enforcing an ordinance in a field of regulation occupied by state law in eight specific statutory codes (Agriculture Code, Business & Commerce Code, Finance Code, Insurance Code, Labor Code, Natural Resources Code, Occupations Code, and Property Code), unless expressly authorized by another statute. Exactly what "fields of regulation occupied by state law" means remains unclear. Unfortunately, this is a legal question that the courts must decide on a case-by-case basis.

H.B. 2127 appears to potentially contradict the long-standing constitutional interpretation of home rule authority in Texas. The bill adds Section 51.002 of the Local Government Code to provide as follows: "Notwithstanding Section 51.001, the governing body of a municipality may adopt, enforce, or maintain an ordinance or rule only if the ordinance or rule is consistent with the laws of this state." That provision raises even more questions about the scope of the bill. If state law is silent in a certain area, it is unclear if a home rule city may regulate in that area. One might argue yes, because the Texas Constitution gives home rule cities the full power of self-government. But the bill certainly calls home rule authority in question in several areas. Given the language, a court could determine Section 51.002 of the Local Government Code eliminates city regulatory authority in the absence of state regulation, which would create a direct conflict between the statute and the Texas Constitution.

In fact, in August of 2023, a Travis County district judge declared that H.B. 2127 is unconstitutional, lending credence to cities' arguments during the 2023 Legislative Session that the bill was ambiguous and on questionable legal footing. The ruling came after the City of Houston—later joined by the cities of San Antonio and El Paso as intervenors—filed a lawsuit against the state challenging the constitutionality of H.B. 2127.

While the ruling represents an encouraging first step for the preservation of constitutional home rule authority in Texas, it marks just the beginning of the legal wrangling over the new law.

The Charter Document

Although all municipal governments are subject to an abundance of federal and state laws, the charter remains the most important document for a home rule city. Members of the council should read the charter immediately upon their election to office; annual reviews also can be useful.

Most charters include the following components:

1. Provisions establishing the city's form of government (mayor-council, council-manager, and so on) and its legislative and judicial machinery;
2. Organizational provisions establishing the administrative structure of the city government and the means for financing its operations;
3. Provisions governing the procedures of the city council and advisory boards and commissions, and procedures for granting franchises, and assessing and collecting taxes; and,
4. Popular controls over the city government, such as elections, referenda, initiative, and recall.

Forms of Home Rule City Government

Every home rule city in the state operates under one of two forms of government: mayor-council or council-manager. Among Texas' approximately 385 home rule cities, the vast majority have the council-manager form.

Mayor-Council Government

The mayor-council plan has two variants: strong-mayor and weak-mayor. Under the strong-mayor system, most key administrative and appointive powers are concentrated in the hands of a full-time mayor who also presides over meetings of the city council. The mayor usually has: (1) the power to appoint and remove department heads and the members of most major boards and commissions; (2) the prerogative to prepare the city budget and, following its adoption by the council, to execute the budget; (3) a high enough salary to enable the officeholder to devote their full time to being mayor, as well as an office budget sufficient to hire an adequate staff; and (4) the power to veto actions by the city council. In a strong-mayor city, councilmembers have no administrative duties. Their role is to enact ordinances, adopt policies governing the operations of the city, and otherwise function as the legislative branch of the city government.

Under the weak-mayor system, the powers of the mayor are limited. First, the mayor may be selected by the council rather than being directly elected by the people, which dilutes his or her political influence. Secondly, the mayor's pay is usually minimal and few, if any, funds are provided for staff. Third, department heads often are appointed and removed by majority vote of the city council, which diffuses administrative authority. And finally, few weak mayors have either the authority to veto actions of the council or the exclusive power to develop and execute the budget, since these powers are collectively exercised by the council.

Very few home rule cities in Texas use the weak-mayor form of government.

Council-Manager Plan

The basic structure of the council-manager form of government is like that of a private corporation where the stockholders elect a board of directors which then hires a president to run the company. Under the council-manager plan, the voters elect a city council which, in turn, hires a city manager to administer the city's day-to-day affairs.

In a council-manager city, as in any other form of city government, the council serves as the legislative body. The council sets policy, approves the budget, sets the tax rate, determines the size of the payroll, and the extent and cost of municipal services. In short, the council is the final authority on all the many policy decisions that determine the scope and functions of the city government.

Under the council-manager plan, the mayor and councilmembers have no administrative duties. These are vested in the city manager, who is responsible for directing the workforce

and programs of the city in accordance with ordinances, rules, and regulations adopted by the council. The typical city manager in Texas is appointed for an indefinite term and is subject to dismissal by the council at any time except as otherwise prohibited by law. He or she is designated, either by charter or ordinance, as the chief executive and administrative officer of the city and is accountable to the council for the proper conduct of all municipal operations. The manager has the unilateral authority to hire, discipline, and fire the department heads.

Although the manager's role varies from one city to another, the manager's primary function is to implement the policies established by the council and ensure that the city is operated in an economical and responsible manner. Specific duties of the manager may include the following:

1) Enforcing all city ordinances, rules, and regulations.
2) Supervising all municipal employees and programs.
3) Preparing and executing the city's annual budget pursuant to the revenue and expenditure plans adopted by the council.
4) Managing the city's funds and preparing periodic reports that advise the council and the general public of the city's financial condition.
5) Providing information to the council to facilitate its ability to make informed decisions in the best interests of the community.
6) Preparing council meeting agendas and attending all such meetings to serve as a resource to the council and the public.
7) Drawing the council's attention to community needs and recommending alternatives by which the council can respond to those needs.

In larger cities, city managers spend comparatively little time on citizen contacts, personnel problems, and other routine matters. Managers in these cities usually have a sizable staff capable of handling day-to-day problems, thus allowing the manager to concentrate on communicating with the council, policy issues, planning activities, and work sessions with department heads.

On the other hand, the managers of medium-sized and smaller cities frequently operate with limited resources and a small staff. The manager must, by necessity, be personally involved in the details of providing police, fire, solid waste, and other services.

Chapter Two: Roles and Responsibilities of Officers in General Law Cities

All members of the city council play unique roles in making the city government operate effectively in a general law city. Many of their functions are set by law, while others are established as a matter of local custom or policy.

Office of the Mayor

The mayor occupies the highest elective office in the municipal government. As political head of the city, the mayor is expected to provide the leadership necessary to keep it moving in the proper direction.

Except under the city manager plan of government, the mayor is the city's chief executive officer. The mayor presides over council meetings and is generally recognized as the ceremonial and governmental head of the city for most purposes.

Most of the powers exercised by the mayor are created through ordinances and resolutions adopted by the city council. Very few mayoral powers are prescribed by state law.

Legislative Responsibilities

The mayor's most important duty is to carry out the legislative responsibilities he or she shares with other members of the council—identifying the needs of the city, developing programs to satisfy those needs, and evaluating the extent to which municipal services satisfactorily reflect the policy goals of the council.

Under the law, the mayor is the presiding officer of the city council. In this capacity as presiding officer, the mayor's actual powers in legislative matters can be greater than those of other councilmembers. For example, the mayor can influence the flow of debate through the power to recognize councilmembers for motions or statements.

Also, the mayor rules on questions of procedure at council meetings, and those rulings are binding unless successfully challenged by a majority of the governing body. Finally, the mayor of a Type A general law city can formally object to ordinances and other resolutions passed by the council. If the mayor objects to an ordinance or resolution before the fourth day after it is placed in the city secretary's office, it must be reconsidered by the governing body. If approved, it becomes effective (Local Government Code Section 52.003).

Appointive Powers

Appointive powers represent another area in which the mayor's powers often outrank those of councilmembers, especially when the mayor is authorized by ordinance to appoint department heads and advisory board members. In Chapter 25 council-manager cities, the mayor's appointive powers are more limited, because the city manager may appoint all or most administrative employees. Although most of the mayor's appointive powers are established by ordinances enacted by the city council, some are established by state law, such as the power to appoint commissioners of a housing authority (Local Government Code Section 392.031).

Law Enforcement and Related Duties of the Mayor

The office of the mayor involves a variety of law enforcement responsibilities. The mayor is specifically obligated by law to "actively ensure that the laws and ordinances of the city are properly carried out," and "in the event of a riot or unlawful assembly or to preserve the peace," the mayor may order the closing of certain public places.

Under extreme circumstances, as in the case of a riot, the mayor of a Type A general law city can summon a special police force into service (Local Government Code Section 341.011) or call for assistance from the Texas National Guard. Also, if the city has used the provisions of Sections 362.001 et seq., Local Government Code, to enter into a mutual law enforcement pact with other nearby cities or the county, the mayor can call on those localities for help in dealing with civil disorders and other emergencies. Additionally, most local emergency management plans authorize the mayor

to exercise supreme powers in case of a public calamity, after the mayor has declared a local disaster or asked the governor to declare a state of emergency. State law also permits a mayor to require a mandatory evacuation order and control who can access an area during a phased reentry (Government Code Chapters 418 and 433).

Judge of the Municipal Court

In every general law city where no separate office of judge of the municipal court exists by ordinance, the mayor is ex officio judge of the court (Government Code Section 29.004). A mayor serving as the ex officio municipal judge must still receive the annual training required of all municipal judges.

Signatory Duties

As signatory for the city, the mayor may be required to sign a variety of documents to give them official legal effect. The mayor's signature is required on all bonds, certificates of obligation, warrants, and other evidence of debt, as well as may be required on ordinances, resolutions, advertisements for bids on public works projects, contracts, and similar legal paperwork. The mayor is also responsible for signing proclamations recognizing special events and personal achievements.

Ceremonial Duties

The mayor's participation in local ceremonial events is a never-ending responsibility. The mayor is expected on a daily basis to cut ribbons at ceremonies opening new businesses; break the ground to begin the construction of new city facilities; and regularly appear at fairs, parades, pageants, and other community celebrations.

The mayor also issues proclamations for a variety of purposes, whether to honor visiting dignitaries or declare "Support Your Local School Week." And as a featured speaker before professional clubs, school assemblies, and neighborhood groups, the mayor can expect to be interviewed, photographed, and otherwise placed on extensive public display by the media.

Administrative Duties

Except in Chapter 25 council-manager cities, the mayor serves in the dual roles of administrator and political head of the city, going to city hall on a regular basis, working with department heads on matters that need attention each day, and performing the ceremonial duties that go with the office. In some cases, ordinances approved by the council give the mayor wide latitude to deal with the many problems that arise each day. Also, an administrative staff is sometimes available to help the mayor, but the office still involves considerably more effort—and power—than its counterpart in cities operating under the city manager plan.

Limitations on the Mayor's Powers

The broad powers of the mayor can be offset by several methods, including ordinance requirements that the council ratify mayoral appointments and other key actions.

Limiting the mayor's power at the council table is another way of imposing restraints. In Type A general law cities, for instance, the mayor is allowed to vote only in the event of a tie (Local Government Code Section 22.037). As state law is unclear on the mayor's ability to vote in Type B general law cities, those cities should consult with their local legal counsel with questions.

The mayor's prerogatives can also be restricted by the structure of the city government. Under the Chapter 25 council-manager plan, for example, the mayor has no administrative powers and will probably be in city hall on a less frequent basis. The ordinances of most council-manager cities also make it clear that decision-making is to be shared by the full council, and that the mayor is to be considered the same as any other member of the governing body for policy purposes. This is accomplished by concentrating administrative powers in the hands of a city manager, who acts under the direction of the full council.

Qualifications of Office

In Type A general law cities, every candidate for the office of mayor must meet the following qualifications:

1) Be a United States citizen;
2) Have been a resident of Texas for at least 12 months, as of the deadline for filing for the office;
3) Have resided in the city for at least 12 months preceding election day;
4) Be a registered voter;
5) Be 18 years of age or older upon the commencement of the term to be filled at the election;
6) Not have been convicted of a felony for which he or she has not been pardoned or otherwise released from the resulting disabilities; and
7) Not have been deemed mentally incompetent by a final judgment of a court.

(Election Code Section 141.001; Local Government Code Section 22.032).

In Type B and Type C general law cities, every candidate for mayor must meet the qualifications listed above, except that he or she must have resided in the city for six months, rather than twelve, preceding election day (Election Code Section 141.001; Local Government Code Section 23.024).

Terms of Office

In a Type B general law city operating under the aldermanic form of government, the mayor's term of office is one year, unless the board of aldermen has enacted an ordinance providing a two-year term for the mayor and two-year overlapping terms for aldermen (Local Government Code Section 23.026). In a Type A general law city, the term of the mayor and members of the city council or board of aldermen is two years (Local Government Code Section 22.035). In a Type C general law city, the mayor's term of office is two years (Local Government Code Section 24.023).

In any city, the term of office for members of the governing body can be extended to three or four years upon approval of a majority of the voters voting at an election on the question (Texas Constitution, Article XI, Section 11).

Vacancies

When the mayor is temporarily unable to perform his or her duties because of illness, out-of-town travel, or similar reasons, the mayor pro tem assumes the responsibilities of the office on an interim basis (please see discussion of mayor pro tem on the next page). But if a permanent vacancy occurs in the office of mayor as a result of death, disability, resignation, or some other reason, the vacancy should be filled according to prescribed procedures.

In a Type B general law city operating under the aldermanic form of government, a mayoral vacancy must be filled by appointment by the board of aldermen. The term of the person appointed expires at the same time that the term of the person who vacated the office would have expired if he or she had remained in office (Local Government Code Section 23.002).

In a Type A general law city operating under the aldermanic form of government, the vacancy can be filled either by appointment of the city council or by a special election if the mayor's office is the only one vacant. However, if another vacancy exists on the board of aldermen when the mayor's office is vacant, both vacancies must be filled at a special election. When a vacancy is filled by appointment, the term of the person appointed expires at the next general municipal election. When a vacancy is filled by special election, the person elected serves out the remainder of the unexpired term of the vacancy being filled (Local Government Code Section 22.010).

In a Type C city operating under the commission form of government, a vacancy in the office of mayor must be filled by appointment by the two remaining members of the board of commissioners. But if there are two vacancies on the board of commissioners, the vacancies must be filled at a special election called by the county judge, and the persons elected serve out the remainder of the unexpired terms of the vacancies being filled (Local Government Code Section 24.026).

If the terms of office in a city have been changed to three or four years, appointment to fill a vacancy is no longer an option. Any vacancy must be filled by special election (Texas Constitution, Article XI, Section 11).

Absences

Under Section 22.041 of the Local Government Code, "if a member of the governing body is absent for three regular consecutive meetings, the member's office is considered vacant unless the member is sick or has first obtained a leave of absence at a regular meeting."

Removal

Procedures for removing the mayor or a councilmember from office are set forth in Chapter 21 of the Local Government Code. Under the law, a member of the governing body is subject to removal for incompetence, official misconduct, or intoxication. A petition for removal must be filed with a district court, may be filed by any resident of the city, and must state the alleged grounds for removal. The judge may decide to issue a citation to the member in question or may decline to do so. If the judge declines to issue a citation, the petition is dismissed at the cost of the petitioner. If the judge issues a citation to the member, the member must appear before the judge to answer the petition and may request a trial by jury. The petitioner must execute a bond in an amount fixed by the judge. The bond shall be used to pay damages and costs to the member if the alleged grounds for removal are found to be insufficient or untrue. The final judgment on the issue may be appealed by either party. Conviction of the member for any felony or for a misdemeanor involving official misconduct will result in immediate removal, and the removed member is ineligible for reelection for two years.

There is no such thing in a general law city as "recall," which is a procedure citizens can use to vote an incumbent mayor or councilmember out of office before the expiration of his or her term. The power of recall is limited to voters in home rule cities in which the charter provides for the procedure.

Compensation

In Type C cities, the board of commissioners may, by ordinance, fix the mayor's compensation at a maximum of $5 for each regular commission meeting and $3 for each special meeting. Alternatively, the board of commissioners in a city of less than 2,000 can pay the mayor a salary of up to $600 per year, while the board of commissioners in a city of 2,000 or greater population can pay the mayor up to $1,200 per year (Local Government Code Section 141.003).

In Type A and B general law cities, no maximum salary amount is fixed for the mayor. The governing body can set the mayor's compensation at any level it chooses (Local Government Code Sections 141.001 and 141.002). Only one limitation exists: an elected officer cannot receive a pay increase that was approved during the term for which he or she is elected. Such an increase will become effective only after the next general municipal election at which the office is filled (Local Government Code Section 141.001).

Expense Reimbursement

It is commonplace for the city to reimburse the mayor for travel and other expenses incurred on official city business trips, such as meetings of the Texas Municipal League and similar organizations. Most city travel policies are established by ordinance or resolution.

Office of the Mayor Pro Tem

The mayor pro tempore is a member of the council who performs the mayor's duties during the mayor's incapacity or absence. The mayor pro tem is selected by majority vote of the council from among its own membership. The mayor pro tem's term is one year. The mayor pro tem retains the right to vote on all matters before the council while performing the duties of the mayor (Local Government Code Sections 22.037 and 23.027).

Office of Councilmember

Councilmembers are the city's legislators. Their primary duty is policymaking, which includes identifying the needs of local residents, formulating programs to meet the changing requirements of the community, and measuring the effectiveness of ongoing municipal services.

Unless restricted by state law, each councilmember is entitled to vote or abstain on every question

decided at a council meeting and has full parliamentary privileges in council meetings—including the right to speak and make motions when recognized by the chair and the right to introduce new ordinances and amendments to existing ones.

Though foremost in importance, lawmaking is just one of many functions councilmembers perform. They also wear several other hats, which one writer describes as follows:

1. Regulator—The council exercises regulatory powers over the conduct and property of its citizens. It has the power to declare certain conduct to be criminal, to require that certain businesses and activities be licensed, and to tell property owners how and for what purposes they may use their property.
2. Financier—The council may levy taxes, assess fees and charges, and sell bonds in order to finance the many functions of the city government. The council also has to budget the expenditure of the city's funds, and then explain to the people why municipal government is a bargain compared to the price of rampant crime, fires, disease, and all of the other problems that would flourish without proper city services.
3. Employer—The council is responsible for all the city's employees and must see that they are adequately paid and provided with decent working conditions and fringe benefits.
4. Buyer—The council is one of the biggest purchasers in the community and must see to it that the city gets the best value possible for dollars spent.

This is not even a complete description of all the challenges that confront councilmembers.

The real task is in providing leadership and direction for the city, in deciding what needs to be done, and in helping plan what the city will be for future generations.

Qualifications

In general law cities, the qualifications for the office of councilmember are:

1) Be a United States citizen;
2) Have been a resident of Texas for at least 12 months as of the deadline for filing for the office;
3) Have resided in the city for at least six months preceding election day;
4) Be a registered voter;
5) Be 18 years of age or older upon the commencement of the term to be filled at the election;
6) Not have been convicted of a felony for which he or she has not been pardoned or otherwise released from the resulting disabilities; and
7) Not have been deemed mentally incompetent by a final judgment of a court.

(Election Code Section 141.001; Local Government Code Sections 22.032 and 23.024).

One additional requirement: if a Type A general law city has been divided into wards, every council candidate must, at the time of his or her election, be a resident of the ward he or she proposes to represent if elected (Local Government Code Section 22.032).

Terms of Office

In a Type B general law city, the term of office for aldermen is one year, unless the board of aldermen has enacted an ordinance providing a two-year term for the mayor and two-year overlapping terms for aldermen (Local Government Code Section 23.026). In a Type A general law city, the term of office for members of the city council is two years (overlapping terms) (Local Government Code Section 22.035).

In any city, the term of office of members of the governing body can be extended to three years or four years upon approval of a majority of the voters voting at an election called on the question (Texas Constitution, Article XI, Section 11).

Vacancies

In a Type B general law city operating under the aldermanic form of government, vacancies on the board of aldermen— whatever the number of vacancies—must be filled by appointment by the remaining members of the board (Local Government Code Section 23.002).

In a Type A general law city operating under the aldermanic form of government, when there is only one vacancy on the governing body, the vacancy can be filled either by appointment of the city council or by means of a special election. However, if there are two or more vacancies on the governing body, such vacancies must be filled at a special election (Local Government Code Section 22.010).

In a Type C general law city, a single vacancy must be filled by appointment by the two remaining members of the board of commissioners. But if there are two vacancies on the board, they must be filled at a special election called by the county judge (Local Government Code Section 24.026).

Absences

Under Section 22.038 of the Local Government Code, an illness of an alderman or someone in his or her family is the only reason for absence from council meetings in a Type A general law city without a fine. Unexcused absences are punishable by a fine of $3 for each council meeting missed. If an alderman is absent for three consecutive regular meetings—unless because of sickness or the alderman has obtained a leave of absence at a regular meeting—his or her office shall be vacant. (Local Government Code Section 22.041).

There is no law applicable to absences by aldermen in Type B general law cities or members of the board of commissioners in cities operating under the commission form of government (Type C general law cities). However, in cities over 500 population, which operate under the commission form of government, Sections 51.035 and 51.051 (the "borrowing provisions") of the Local Government Code (relating to the application of laws to cities with the commission form) would probably make Sections 22.038 and 22.041 of the Local Government Code (relating to absences) applicable to such cities. Type B general law cities should contact their local legal counsel to discuss this issue, as state law is unclear.

Removal

Procedures for removing a councilmember from office in a general law city are the same as for the mayor and are governed by Chapter 21 of the Local Government Code.

Compensation

In Type C cities, the board of commissioners may, by ordinance, fix commissioners' compensation at a maximum of $5 for each regular commission meeting and $3 for each special meeting. Alternatively, the board of commissioners in a city of 2,000 or greater population can provide for paying commissioners up to $600 per year (Local Government Code Section 141.003).

In Type A and B general law cities, no maximum salary amount is fixed for aldermen. Therefore, the governing body can set councilmember compensation at any level it decides. Only one limitation exists: an alderman cannot receive the benefit of a pay increase adopted during the term for which he or she is elected. Such increase will become effective only after the next general municipal election at which the office of the alderman serving at the time of the pay increase is filled (Local Government Code Chapter 141).

Expense Reimbursement

It is commonplace for cities to reimburse councilmembers for travel and other expenses incurred on official city business trips to meetings of the Texas Municipal League, a council of governments, and similar organizations. Most travel policies are established by ordinance or resolution.

Chapter Three: Roles and Responsibilities of Officers in Home Rule Cities

All members of the city council play unique roles in making the city government operate effectively in a home rule city. Many of their functions are set by law, while others are established as a matter of local custom or policy. While the information in this chapter is broadly applicable to cities across the state, each home rule charter is distinct. To ascertain the scope of a particular official's role in a specific city, one would need to consult that city's charter.

Office of the Mayor

The mayor occupies the highest elective office in the municipal government. As political head of the city, the mayor is expected to provide the leadership necessary to keep it moving in the proper direction.

Except under the city manager plan of government, the mayor is the city's chief executive officer, just as the governor serves as chief executive of the state. The mayor pre- sides over council meetings, is the signatory for the city, and is generally recognized as the ceremonial and governmental head of the city for most purposes.

Most of the powers exercised by the mayor are created either by provisions in the charter or through ordinances and resolutions adopted by the city council. Very few mayoral powers are prescribed by state law.

Legislative Responsibilities

The mayor's most important duty is to carry out the legislative responsibilities he or she shares with other members of the council—identifying the needs of the city, developing programs to satisfy those needs, and evaluating the extent to which municipal services satisfactorily reflect the policy goals of the council.

Most charters designate the mayor as presiding officer of the city council and as such, his or her actual powers in legislative matters can be greater than those of other councilmembers. For example, as presiding officer of the council, the mayor can influence the flow of debate through the power to recognize councilmembers for motions or statements.

Also, the mayor rules on questions of procedure at council meetings, and those rulings are binding unless successfully challenged by a majority of the governing body. Finally, the charters of some cities authorize the mayor to veto ordinances and other enactments approved by the city council.

Appointive Powers

Appointive powers represent another area in which the mayor's powers often outrank those of councilmembers, especially in mayor-council cities where the mayor is authorized to appoint department heads and advisory board members. In council-manager cities, however, the mayor's appointive powers are usually more limited, since the city manager appoints all or most administrative employees, and the full council often appoints the members of advisory boards and commissions.

Signatory Duties

As signatory for the city, the mayor is required to sign a variety of documents to give them official legal effect. The mayor's signature is required on all bonds, certificates of obligation, warrants, and other evidence of debt, as well as ordinances, resolutions, advertisements for bids on public works projects, contracts, and similar legal paperwork. The mayor is also responsible for signing proclamations recognizing special events and personal achievements.

Ceremonial Duties

The mayor's participation in local ceremonial events is a never-ending responsibility. The mayor is expected on an almost daily basis to cut ribbons at ceremonies opening new businesses; break the ground to begin the construction of new city facilities; and regularly appear at fairs, parades, city events, and other community celebrations.

The mayor also issues proclamations for a variety

of purposes, whether to honor visiting dignitaries, recognize exceptional achievements, or declare "Support Your Local School Week." And as a featured speaker before professional clubs, school assemblies, and neighborhood groups, the mayor can expect to be interviewed, photographed, and otherwise placed on extensive public display by the media.

Powers of the Mayor in Council-Manager Home Rule Cities

Under the council-manager form of government, the mayor has no day-to-day administrative duties; rather, these are vested in a city manager who is responsible for implementing policies established by the council. In most council-manager cities, the mayor is in city hall on an irregular basis and is involved very little in routine operational matters.

The charters of most council-manager cities make it clear that decision-making is to be exercised by the full council, and that the mayor is to be considered the same as any other member of the council for policy-making purposes. This is accomplished by concentrating administrative powers in the hands of the city manager and by requiring action by the whole council, and not just the mayor, to appoint key board and commission members.

And finally, a number of state laws further ensure that the full council share appointive powers. Several examples can be found in the Local Government Code. Chapter 211 mandates that the city's governing body appoint the members of the city's zoning commission as well as the members of the zoning board of adjustment. Additionally, Chapters 504 and 505 authorize the governing body to appoint the directors of Type A and Type B economic development corporations.

Powers of the Mayor in Mayor-Council Home Rule Cities

The Mayor-Council setup, sometimes referred to as the "Strong Mayor" form of government, allows the mayor in home rule cities to serve in the dual roles of administrator and political head of the city. Even though this form of local government is allowable in home rule cities in Texas, it remains relatively uncommon. When adopted, the mayor is in city hall on a continuing basis, working with department heads on routine items that need to be addressed each day, handling emergencies, and performing all of the ceremonial duties that go with the office. Depending on the city, the charter may give the mayor broad authority to deal with the many problems that arise each day. A skilled administrative staff usually is available to help the mayor carry the day-to-day load. Additionally, in some cities, the charter gives the mayor the power to veto actions of the council.

The broad powers of the mayor in mayor-council cities usually are offset by charter provisions that require the council to ratify mayoral appointments and other key actions. This requirement for council approval of the budget provides councilmembers with an effective method of slowing down a zealous mayor by reducing or abolishing expenditures.

Further checks can be created by distributing governmental powers in a certain way. For instance, under the Houston charter, provision is made for an elected city controller responsible for supervising the expenditure of municipal funds independent of both the mayor and council.

Limitations on the Mayor's Powers

As noted above, the powers of the mayor in both mayor-council and council-manager home rule cities can be limited by requiring full council approval of the budget and board and commission appointments, and by distributing governmental powers among a variety of city officials rather than concentrating them in the office of mayor. Another way to impose restraints on the mayor is to limit his or her power at the council table. For example, some charters in home rule cities do not allow the mayor to initiate motions at council meetings, while some charters forbid the mayor from voting except to break a tie.

Office of the Mayor Pro Tem

The mayor pro tempore is a member of the council who performs the mayor's duties if the mayor's is incapacitated or absent. The mayor pro tem is usually selected by a majority vote of the council. The term of service as a mayor pro tem can vary

from city to city. For example, in most cities the term of the mayor pro tem is often the same as that of a councilmember. In another city, for example, each councilmember serves a three-month term as mayor pro tem on a rotating basis.

Office of Councilmember

Councilmembers are the city's legislators. Their primary duty is policymaking, which includes identifying the needs of local residents, formulating programs to meet the changing requirements of the community, and measuring the effectiveness of ongoing municipal services.

Unless restricted by state law, each councilmember is entitled to vote on every question presented at a council meeting, and has full parliamentary privileges in council meetings—including the right to speak and make motions when recognized by the chair and the right to introduce new ordinances and amendments to existing ones.

Though foremost in importance, lawmaking is just one of the many functions councilmembers perform. They also wear several other hats, which one writer describes as follows:

1. Regulator—The council exercises regulatory powers over the conduct and property of its citizens. It has the power to declare certain conduct to be criminal, to require that certain businesses and activities be licensed, and to tell property owners how and for what purposes they may use their property.
2. Financier—The council must levy taxes, assess fees and charges, and sell bonds in order to finance the many functions of the city government. The council also has to budget the expenditure of the city's funds, and then explain to the people why city government is a bargain compared to the price of rampant crime, fires, disease, and all of the other problems that would flourish without proper city services.
3. Employer—The council is responsible for all the city's employees and must see that they are adequately paid and provided with decent working conditions and fringe benefits.
4. Buyer—The council is one of the biggest purchasers in the community and must see to it that the city gets the best value possible for dollars spent.

In addition to these everyday duties, councilmembers spend considerable time representing the city in a wide circle of external relationships. Examples include:

1. Serving on committees of the Texas Municipal League and other statewide local government organizations.
2. Working with state legislators on city-related bills.
3. Working with the National League of Cities, the U.S. Conference of Mayors, and other national public interest groups on municipal issues pending before Congress or federal regulatory agencies.
4. Supporting efforts of the chamber of commerce, industrial foundations, and other organizations to foster the city's economic development.

Size of the Council

There is no state law requiring the city council of a home rule city to be any particular size. As is true in so many other areas of home rule, the size of the governing body is determined by the city's charter.

Terms of Office

The terms of office for mayors and councilmembers range from two to four years and are set by the city's charter. More than ninety percent of all home rule charters provide continuity on the governing body by staggering councilmembers' terms, thus preventing wholesale changeovers on the council at any one election. Under staggered term procedures, the terms of approximately half of the members of the council expire at one municipal election, and the other half expire at the next election. For instance, in the case of a seven-member city council with two-year terms, the terms of three members might expire during each odd-numbered year, while the other four terms would expire during each even-numbered year. Some home rule charters limit the number of terms a councilmember may serve.

Method of Electing the Council

Council members in cities with two-year terms may be elected by winning a plurality of votes cast; however, Article XI, Section 11 of the Texas Constitution stipulates that in cities with terms longer than two years, members of the governing body must be elected by a majority vote. This requirement can occasionally lead to the need for runoff elections to ensure a majority vote is achieved. There are four basic methods of electing home rule city councils in Texas. The first is the pure at-large system, under which candidates are elected citywide without regard to where they live.

The second is the at-large place system of electing the council, under which candidates run citywide, but each must file for a designated seat or "place" on the council.

Under an at-large/from-districts system, candidates are elected citywide, but councilmembers must reside in designated geographical areas of the city.

Under a single-member district electoral system, all candidates for the council (not including the mayor) must live in designated districts of the city and are voted upon only by the voters residing in those districts.

Additionally, a number of cities use hybrid electoral systems that combine various features of the plans described above. Mixed systems include those in which some members of the council are elected at-large and the remaining councilmembers are elected from single-member districts, or where some members of the council are elected at-large and the balance are elected from districts at-large.

Qualifications

Every candidate for the office of mayor or councilmember must meet the qualifications prescribed by the Texas Election Code, which requires that a candidate:

1. Be a United States citizen;
2. Be 18 years of age or older upon the commencement of the term to be filled at the election;
3. Has been a resident of Texas for at least 12 months as of the deadline for filing for the office;
4. Has resided in the city for at least 6 months as of the deadline for filing for the office;
5. Has not been convicted of a felony for which he or she has not been pardoned or otherwise released from the resulting disabilities;
6. Has not been found mentally incompetent by a final judgment of a court; and
7. Be a registered voter in the city.

(Election Code Section 141.001).

The Election Code authorizes home rule cities to establish two exceptions to these six criteria. First, the charter can require council candidates to be up to 21 years old, rather than 18, upon the commencement of the term to be filled at the election. Second, the charter can require candidates to be residents of the city for 12 months, rather than 6 months, as of the deadline for filing for office (Election Code Section 141.003).

Vacancies

Vacancies on the council can result from a failure to qualify for office, resignation, death, disability, recall, or failure of a member of council to meet the requirements of the charter. In some instances, a vacancy can occur if a member of the council announces for another elective office. For example, under Article XI, Section 11, of the Texas Constitution, in cities where the term of office for councilmembers is three or four years, any councilmember who announces for another elective office automatically resigns from the council if more than one year and 30 days remains in his or her term at the time of such announcement.

Also, some city charters provide that any councilmember who runs for another office automatically vacates his or her seat on the council. A city charter may provide that:

If any officer of the city shall file as a candidate for nomination or election to any public office, except to some office under this charter, they shall immediately forfeit their office.

Procedures for filling vacancies vary from charter to charter. In some instances, charters require that vacancies on the governing body be filled by appointment of the council in every case, regardless of whether a regular city election is imminent. The charters of others require the council to fill a single vacancy by appointment, but if two or more vacancies exist, they must be filled at a special election. Under Article XI, Section 11, of the Texas Constitution, cities with three- or four-year terms must fill all vacancies by election unless: (a) there is 12 months or less left in the member's term; and (b) the charter provides for appointment. Finally, some charters require that all council vacancies be filled by special election. Among these cities, the common practice is not to require special elections in cases where a regular city election is imminent (for example, within sixty to ninety days of the time the vacancy occurred).

Compensation

As with so many other aspects of home rule government, state law is silent regarding the compensation of mayors and councilmembers. As such, the salary can be governed by the charter or set by local policy if the charter is silent.

Salaries

In most of the cities operating under the mayor-council form of government, the mayor may receive a substantial salary for his or her full-time administrative services. In council-manager cities, the charter generally treats councilmembers as part-time legislators for whom minimum compensation is provided.

Most charters fix the dollar amount of the salary or fees to be paid to members of the governing body. A few permit the council to set its own compensation.

Expense Reimbursement

It is commonplace for cities to reimburse members of council for travel, lodging, and other expenses incurred on official city business trips to meetings of the Texas Municipal League, National League of Cities, and similar organizations. Only a small number of charters make any mention whatsoever of members' expense reimbursement. Most travel policies are established by ordinance or resolution.

Other Benefits

A final category of benefits for councilmembers includes staff and office facilities. Again, there is no consistency among cities: benefits range from providing part-time clerical help to full-time secretaries and administrative assistants.

As with so many other issues, the question of what—if any—staff and facilities should be provided to councilmembers must be decided locally.


CITY HALL

Chapter Four: Powers and Duties of Cities

Both home rule and general law cities have the authority to deal with many issues. General law cities must look to state law for the authority to act, while home rule cities may have more latitude in certain areas although the state legislature has seen fit to limit home rule authority in many ways (See Chapter One for a discussion on H.B. 2127). Below is a discussion of some of the basic powers given to cities.

Administrative Oversight in General Law Cities

The Mayor as Chief Executive Officer

In a general law city, a mayor's duties and authority come first from the Local Government Code and other state law and then may be expanded by the city council. See Local Government Code Sections 22.037, 22.042, and 23.027. Through an express delegation of authority, the city council in some cities may delegate to the mayor the authority to supervise the city's employees, procure supplies, ensure that the streets are cleaned and repaired, or oversee the multitude of other items that need attention each day. Department heads may report directly to the mayor, who meets with them from time to time to check on their problems. Most of the mayors who assume these extensive responsibilities usually do so in addition to their regular jobs.

The degree of flexibility the council permits the mayor to exercise in administrative matters varies from one city to another. In some cities, the council expects the mayor to make routine decisions only as specifically authorized by ordinances enacted by the governing body. In others, the mayor is given free rein over the city's administration. It is important to note that while the city council can delegate these authorities, they also retain the power to rescind or modify such delegations as circumstances or preferences change.

Placing the lead responsibility for administration in the hands of the mayor enables citizens and the city council to go to one central point for solutions to particular problems. Also, this arrangement can help focus accountability and keep the city's business moving ahead smoothly and efficiently. At the same time, this system can easily go awry if the mayor does not get along with the council, encounters political difficulty, or when council meetings deteriorate into haggling sessions over whether the mayor has the legal authority to do something.

The City Council as Administrative Board

In addition to their legislative duties, some city councils supervise local operations on a continuing basis. Under this approach, the full council approves all purchases and other administrative details, and department heads report directly to the council at every regular meeting.

This arrangement provides the council with maximum control over the city's operations. If a department is not functioning properly, the council can go directly to the source of the problem and take corrective action.

The downside is that because councils meet just once or twice a month, they may not be able to deal in a timely manner with problems as they arise. Delays can occur if a department is unable to proceed with a project because of snags that only the council can overcome, or if critical items are left off council meeting agendas. This arrangement tends to be inefficient unless some method is established for coordinating the operations of various departments on a regular basis between council meetings, without violating open meetings laws.

City Manager or Administrator

Many city councils have found it advantageous to delegate administrative powers and responsibilities to a single appointive officer or employee. Often this official has the title "city manager" or "city administrator," who is the chief administrative officer of the city. In other cases, the lead administrative role is assumed by the city clerk or secretary, the utility manager, or another department head who serves as "first among equals." Whatever the title, the official the city has delegated administrative functions to, by ordinance

or city policy, is responsible for overseeing all the city's operations on a continuing basis and for reporting to the council on behalf of the various departments. All administrative actions by the council are taken through the official, and any questions the council may have concerning the enforcement of ordinances or performance of city programs are directed to that individual.

Centralizing authority and accountability in one appointed officer or employee can simplify the council's job. The council will be relieved of attending to minor details and will have more time for the important task of setting policy. With proper guidance from the council, a skillful administrator can create an efficient management team capable of running itself.

Conversely, concentrating too much authority in the hands of an appointed officer or employee may put a barrier between citizens and their elected representatives. Also, allowing a single person to control information concerning the city's internal administrative operations can lead to a situation in which councilmembers are isolated from the real-world problems the community is experiencing with the city government.

The residents in general law cities have an additional option for choosing their city's form of administrative oversight through election. Chapter 25 of the Local Government Code allows for the creation of the city manager position pursuant to an election, with the duties established by state law. This form of government is rare and has different characteristics from other forms where a manager or administrator position is created solely by ordinance at the city council's discretion.

Council Committees

Most smaller cities are faced with the problem of limited resources, and there simply are not enough staff members to handle the many demands imposed on the city organization. One method of dealing with this problem is to subdivide the council into administrative committees, each responsible for a different area of the city government.

Council committees usually are organized by service or function: police, fire, health, budget, and so on. "Standing committees" are permanent panels that meet regularly and have assigned areas in which there is always work to be done. On the other hand, "ad hoc" or "special" committees serve on a temporary basis and deal with short-term items that cannot be handled by a standing committee. At the option of the city council, either the full council can designate the councilmembers who chair or serve as members of the various committees or the council can delegate this authority to the mayor.

Commonly, council committees serve as the liaison between the governing body and individual city departments. They communicate with department heads, ensure that the full council is kept apprised of departmental problems, and, as necessary, conduct departmental evaluations and report their findings to the council.

The most common temptation for members of council committees is to overstep the bounds of their authority. Although they can be vested with substantial authority—such as the authority to conduct investigations or take employment action—council committees do not possess legislative powers and should never attempt to act as if they are the city council.

One cautionary note: care should be taken to avoid violations of the Texas Open Meeting Act, which requires that notices of meetings of all governmental bodies be posted in advance and meetings be open to the public, unless an exception applies. If there is some question as to whether meetings of a council committee are subject to the Open Meetings Act, the best practice usually is to assume that they are (see Texas attorney general opinions H-3, and JM-1072; and JC-60) and consult with the city attorney for guidance.

Administrative Oversight in Home Rule Cities

While the same general policy-making functions are shared by city councils everywhere, administrative responsibilities differ according to the particular city government organization. For example, if the city operates under a city manager or city administrator plan, or if the mayor serves as an administrative head of the city, the council

exercises control in a more indirect way by setting broad policies that are left to the mayor, manager, or administrator for execution.

Regardless of the administrative structure used, every city council should operate on the basis of written policies that set out the specific powers and duties of all the city's departments and officials, and some method should be established for ensuring that those policies are carried out. Policy decisions are not implemented automatically, and no matter how much careful thought may go into their preparation, there is always a management job to be done. Someone must assume the responsibility for organizing and controlling the city's administrative machinery.

The city's charter, along with local ordinances and policies, outline the administrative procedures in a home rule city.

The Police Power

Cities have the power to regulate a wide range of activities in order to promote the general welfare of the city's residents. This is known as the city's "police power," and it encompasses all governmental powers exercised for the public good.

More particularly, the police power is defined as the city's authority to preserve and promote the health, safety, morals, and welfare of local residents. It is based on the supremacy of the rights of the general public over individual rights. Some of the more common methods by which city police powers are exercised are described below.

In order to preserve the peace, the city council has the power to create a police department to maintain order, enact ordinances controlling noise and other disturbances, and require animals to be leashed. The council also can declare certain activities to be public nuisances and penalize persons who create them.

With regard to public health and safety, the council has the power to take all actions and make all regulations that may be necessary or expedient for the promotion of health or the suppression of disease. A city's authority to protect the health of the public is generally broader than other city police powers.

The regulation of dogs and other animals, the regulation of unwholesome business practices, and the regulation of slaughterhouses are just a few of the powers the city council may exercise to protect the health of its citizens. The council also has the power to enact quarantine regulations, regulate cemeteries, and regulate weeds and stagnant water. The authority for these regulations can be found in the Local Government Code, the Government Code, the Health and Safety Code, and other statutes.

Additionally, a city can enact a zoning ordinance to regulate the height and size of buildings, the size of lots and density of population, the location and use of buildings, and other aspects of land and improvements thereon, and the uses to which they are put (Local Government Code Chapter 211). The city council also has the authority to prescribe some standards for the construction of buildings within the city, regulate the condition of buildings, and condemn unsafe buildings.

Planning, Subdivision Controls, and Annexation

The city council has the power to spend city funds to compile statistics, conduct studies, and make plans for the orderly growth of the city and the welfare of its residents. The council can create a planning commission to develop and maintain a city plan, and can establish a planning department to implement the plan.

The council can establish rules and regulations governing the subdivision and development of land within the city. The city also can extend its subdivision controls to land located within the city's area of extraterritorial jurisdiction in order to ensure the orderly development of outlying areas (Local Government Code Chapters 212 and 213).

Prior to 2017, a home rule city could annex areas located outside the city limits but within the city's extraterritorial jurisdiction without the consent of the landowners. However, beginning with the 2017 legislative session, the legislature began a multi-session project to drastically alter city annexation

authority. As it stands today, except in certain specific circumstances, both home-rule and general law cities may annex property only on request of the landowners, or by following the procedures below:

1. A city may annex an area with a population of less than 200 only if the following conditions are met, as applicable: (1) the city obtains consent to annex the area through a petition signed by more than 50 percent of the registered voters of the area; and (2) if the registered voters of the area do not own more than 50 percent of the land in the area, the petition described by (1) is signed by more than 50 percent of the owners of land in the area.
2. A city may annex an area with a population of 200 or more only if the following conditions are met, as applicable: (1) the city holds an election in the area proposed to be annexed at which the qualified voters of the area may vote on the question of the annexation and a majority of the votes received at the election approve the annexation; and (2) if the registered voters of the area do not own more than 50 percent of the land in the area, the city obtains consent to annex the area through a petition signed by more than 50 percent of the owners of land in the area.

Regulation of Streets and Other Public Places

The city council has supervisory powers over all streets, alleys, sidewalks, bridges, parks, and other public ways and places within the city. The council has the power to: (1) regulate the use of streets and other public ways, provide for cleaning and lighting, prevent and remove encroachments, and direct and regulate the planting of trees; (2) regulate openings for laying out gas, water, and other mains and pipes; (3) regulate the use of sidewalks and require the owners or occupants of abutting premises to keep their sidewalks free from obstructions; (4) prevent activities that would result in damage to streets, alleys, or other public grounds; (5) regulate crosswalks, curbs, and gutters; (6) regulate and prevent the posting of signposts, handbills, and similar items on streets or sidewalks; (7) regulate traffic and sales on streets, sidewalks, and other public spaces; (8) control weedy lots and junked vehicles; (9) regulate the location of manufacturedhousing; and (10) regulate the location of sexually oriented businesses and establishments that sell alcoholic beverages.

Construction of Public Facilities

In addition to its regulatory powers, the council has the authority to erect, construct, and maintain a wide variety of facilities for public use, including water and sewage systems, airports, hospitals, parks, libraries, transit systems, electric and gas systems, streets, bridges, culverts, sidewalks, street lights, and many other kinds of facilities.

A city may construct or maintain certain public facilities using either traditional competitive bidding or an alternative procurement and delivery method (such as design-build, construction management, a job order contract, or competitive sealed proposals) that provides the "best value" to the city (Local Government Code Chapter 252 and Government Code Chapter 2267).

Donations of City Funds

The Texas Constitution prohibits the donation of city funds to private individuals, corporations, or associations (such as garden clubs or The Scouts), no matter how worthy the cause. The purpose of this prohibition is to prevent a city council from appropriating public money for private purposes (Texas Constitution, art. III, §52, and art. XI, §3).

Expenditures that serve a "public purpose" (for example, contributions to a local volunteer fire department) may fall outside of the constitutional prohibition against donations.

If the city council wishes to make such an expenditure, it must determine whether the expenditure accomplishes a public purpose, and the determination is subject to review by the courts. Written contracts with formal control over use of a city expenditure or payment are usually necessary in order for the council to ensure that the city receives some sort of payment or value for

its expenditure—the accomplishment of the public purpose.

The constitutional prohibition does not apply to expenditures made in connection with contracts for services provided by engineers, architects, and other professionals, nor to the payment of dues to the Texas Municipal League, councils of governments, or similar organizations.

A city may establish and implement programs to promote state or local economic development and to stimulate business and commercial activity within the city. A program such as this may include provisions for making loans and grants of public money and for utilizing the city's personnel and services for the purpose of economic development (Local Government Code Chapter 380).

Payment of Bonuses to City Employees

The Texas Constitution (Article III, Sections 52 and 53) prohibits the payment of bonuses to city employees. If, for example, when December arrives, it is found that the city has some extra funds and it is decided that it would be nice to reward the city's employees with a Christmas bonus, such a distribution of public funds would be illegal. However, if the payment is part of the employee's overall compensation, and is included in the budget as such, it can be a legitimate expenditure.

Public Purchasing

Chapter 252 of the Local Government Code requires that any city purchase requiring the payment of more than $50,000 be awarded pursuant to certain competitive bidding or sealed proposal procedures. The statute mandates that the city either accept the lowest responsible bid under the traditional competitive bidding process, accept the bid or proposal that provides goods or services at the best value for the city, use an Internet-based reverse auction procedure, or participate in a cooperative purchasing program.

Certain cities that choose to use traditional competitive bidding when purchasing real or personal property may give preference to a local bidder if certain procedures are followed and the local bid is within a certain percentage of the lowest bid from a non-local bidder. In some cases, local preference is allowed only if the purchase is for less than $100,000.

Cities making an expenditure of more than $3,000 but less than $50,000 must contact at least two historically underutilized businesses (HUBs) from a list provided by the Texas Facilities Commission through the state comptroller's office. If the list does not identify a HUB in the county in which the city is situated, the city is exempt from this requirement.

The above procedures do not apply to some purchases, including: (1) the purchase of land or rights-of-way; (2) personal or professional services, such as engineering, architectural, or planning services; (3) property bought at an auction; (4) property bought at a going-out-of-business sale; (5) property bought from another political subdivision or the state or federal government; and (6) advertising, other than legal notices.

Also, the city can waive the requirement for bids in—for example—the following instances: (1) in the case of public calamity, where it becomes necessary to act at once to provide relief for local citizens or to preserve or protect the public health; or (2) in the case of unforeseen damage to public property, machinery, or equipment, where immediate repair is necessary.

A city may use a competitive sealed proposal procedure for the purchase of goods, services, and high technology items. If a city makes a contract without compliance with competitive procurement laws, it is void, and the performance of the contract, including the payment of any money under the contract, may be enjoined by: (1) any property tax-paying resident of the city; or (2) a person who submitted a bid for a contract to which the competitive sealed bidding requirement applies, regardless of residency, if the contract is for the construction of public works.

City Depository

Under chapter 105 of the Local Government Code, the city council is authorized to designate a bank as the official depository of the city's funds. The city attorney should be consulted as to the manner of designating the depository, as well as procedures the city must follow after designation has been made.

Uniform Election Dates

The Texas Election Code prescribes certain days for holding municipal elections for officers. Any municipal election for officers held on a day other than one of those prescribed is void, with a few exceptions. Currently, the uniform election dates for city elections are the first Saturday in May and the first Tuesday after the first Monday in November.

Official Newspaper

At the beginning of each fiscal year, the council is required to designate, by ordinance or resolution, the official newspaper of the city, and to publish therein the captions of penal ordinances, notifications of public hearings, and other required public notices (Local Government Code Sections 52.004 and 52.011). Type B general law cities must, before enforcing an ordinance, publish the ordinance (or simply the caption and penalty for violations of the ordinance) enacted by the governing body by either posting it in three public places or by publication in the newspaper (Local Government Code chapter 52). Many home rule charters have similar provisions.

Federal Voting Rights Act

On June 25, 2013, the United States Supreme Court issued its opinion in *Shelby County v. Holder*. In the case, Shelby County, Alabama, alleged that the basis for applying the federal Voting Rights Act to certain states is unconstitutional. The Court agreed. It concluded that Section 4 of the Act is unconstitutional, but the holding also affects other portions of the law, including the requirement that any voting change made by a city be "precleared" by submitting it to the United States Department of Justice or a federal court for a determination that it is not discriminatory.

In response to the opinion, the United States Department of Justice is providing a written response to jurisdictions that submit proposed changes to the Attorney General that advises that no determination will be made under Section 5 of the Voting Rights Act on the specified change.

Based on the United States Department of Justice's response, the Texas Municipal League advises that Section 5 preclearance submissions to the Department of Justice are no longer required. However, each city should heed the advice of its attorney to make the determination on whether or not preclearance is required, as pending litigation may impact other sections of the Voting Rights Act.

Delegation of Legislative Powers

The city council is prohibited from delegating its legislative powers. As a practical matter, this means that the council may not authorize any person, committee, board, or commission to make policy decisions on its behalf. The job of ensuring that the council's policies are carried out can be assigned to the mayor, city manager, or some other city official, but the ultimate responsibility for establishing policy rests with the council.

Chapter Five: The City Council at Work: Meetings

It is imperative that every meeting of the city council be conducted in an orderly and legal manner. If the council's conduct is improper, the legality of its actions may be successfully challenged in court. If its meetings are slovenly and disorganized, the council cannot expect to command public respect.

Legal Requirements

State law prescribes several specific requirements for council meetings, including: (1) that meetings be scheduled at a fixed time and place; (2) that notice of a meetings be posted within a specific time frame; (3) that a quorum of the council be present (either in person or, in certain cases, by video conference) for the transaction of business; and (4) that any question before the council be decided by majority vote of the members present and voting, except where the law requires otherwise.

Texas Open Meetings Act

Every meeting of the city council must be conducted in accordance with Chapter 551 of the Government Code, the Texas Open Meetings Act. Among all the state laws affecting city officials, this is the one most likely to be unintentionally violated because of lack of knowledge.

To help educate government officials on the Act's requirements, each elected or appointed member of a governmental body must take at least one hour of training in the Open Meetings Act. The training must be completed not later than 90 days after the member takes the oath of office or assumes the responsibilities of the office.

The attorney general's office allows the training requirement to be met in at least two ways: (1) viewing a video that is available to borrow or online; and (2) receiving training from certified entities, such as TML. Please visit the attorney general's website or call TML for more information on the training.

The Open Meetings Act requires that written notice of the date, hour, location, and subject of every council meeting be posted 72 hours in advance of such meeting on a bulletin board in city hall accessible to the public day and night. Cities that maintain a website must also concurrently post the notice of the city council meeting and the meeting agenda on the city's website. Also, the minutes of the city council's meetings must be posted on the city's website when approved. The validity of an Internet posting of the notice and agenda by a city that is made in good faith to comply with the requirements of the law is not affected by the failure to comply due to technical problems beyond the control of the city. Additionally, if the city makes a good-faith attempt to continuously post the notice of the meeting on the Internet during the prescribed period, the notice physically posted at city hall must be readily accessible to the general public only during normal business hours. There are some special requirements, including additional notice requirements, if a meeting is to be held by videoconference call.

There are three exceptions to the 72-hour posting requirement:

1) At least one hour advance notice is required for a special meeting called in the case of "emergency or urgent public necessity," the nature of which must be stated in the notice.
2) Emergency or urgent public necessity items may be added to an agenda of a meeting for which 72 hours notice has already been posted if a supplemental notice listing such items is posted at least one hour prior to the meeting stating the emergency that requires action on the additional items.
3) Pursuant to a general posting of items of "community interest," the following need not specifically appear on the posted notice: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events

sponsored by the city or other entity that is scheduled to be attended by a city official or employee; and announcements involving imminent threats to the public health and safety of the city.

The Act also requires that all council meetings, with narrow exceptions, be open to the public. Closed meetings (also referred to as "executive sessions") are permitted for the discussion of items that legitimately fall within the exceptions stated in the law. Exceptions from the open meeting requirement are provided for the following:

1) Private consultations between the city council and its lawyers to discuss pending or contemplated litigation, settlement offers, and other legal matters that implicate the attorney-client privilege. The city's attorney must be present (either in person if the attorney is a city employee, or in person or by telephone, video conference call, or Internet communications if the attorney is an independent contractor) at any closed meeting held under this exception.
2) Discussions regarding the purchase, exchange, lease, or value of real property, or negotiated contracts for prospective gifts or donations to the city, when a discussion of these items in public would have a detrimental effect on the city's negotiating position.
3) Deliberations involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a city officer or employee, or to hear complaints or charges against such officer or employee, unless such officer or employee requests a public hearing.
4) Discussions regarding the deployment or implementation of security personnel or devices, or a security audit. Also, security assessments or deployment relating to information research technology.
5) Discussions regarding commercial information received from a business prospect and/or the nature of any incentives being considered by the city for economic development purposes.
6) Deliberations regarding a test item or information relating to a test that the city administers to individuals who seek to obtain or renew a license or certificate necessary to engage in an activity.
7) Electric or gas service discussions in very limited circumstances.
8) Discussions regarding various critical infrastructure and homeland security information, including: (a) staffing requirements of an emergency response provider; (b) tactical plans; (c) infrastructure vulnerability assessments and other reports prepared for the federal government; (d) the location of dangerous materials that may be used for weapons; (e) computer passwords; and (f) information regarding security systems that protect property from terrorism or related criminal activity.

Before an executive session can take place, the council must first convene in open session, the presiding officer must announce that a closed meeting will take place, and he or she then must identify the section of the Open Meetings Act that authorizes the closed session.

The law requires that a certified agenda or a recording must be made of all meetings that are closed to the public, except executive sessions held for the purpose of consulting with an attorney under the provisions of the law. For an executive session to discuss critical infrastructure or homeland security matters, a recording is mandatory. The law does not define the term "certified agenda," but it does provide that the certified agenda shall state the subject matter of each deliberation and include a record of any further action taken. It also must include a record of the date and time of the beginning and end of the meeting. The presiding officer must certify that the agenda is a true and correct record of the proceedings. In lieu of the certified agenda, the city may make a recording of the closed meeting, including an announcement made by the presiding officer at the beginning and end of the meeting indicating the date and start and end times.

The certified agenda or the recording must be maintained for a period of two years after the date of the meeting. However, if a lawsuit is filed during this two-year period, the certified agenda or recording must be preserved pending the outcome

of the action. The certified agenda or recording is not a public record, and it is a criminal offense to make either available to the public without lawful authority, but either may be reviewed by a current member of the city council. It is advisable that the certified agenda or the recording be placed in a sealed envelope identifying the contents and then placed in secured storage. The certified agenda and tape recording are available for inspection by a judge if litigation has been initiated involving an alleged violation of the open meetings law. The judge may order that the recording or certified agenda be made available to the public if the closed meeting was not authorized.

Although a certification of the posted notice may have been the intent of the legislature, the fact that a certified agenda or recording is to be made available to members of the public only upon court order may indicate that the contents of the certified agenda consist of a more descriptive agenda item than might be placed on the posted notice. For example, while the posted notice may state that an executive session is being held for the purpose of discussing "Land Acquisition for an Electric Substation," the certified agenda may read "Land Acquisition—Discuss acquisition of land for a new electric substation to serve The Oaks subdivision." Although the statute requires the certified agenda to include a record of any further action taken, the open meetings law expressly provides that no final action, decision, or vote can be made except in a meeting that is open to the public. The "further action" which must be noted on the certified agenda may be, for instance, no action, a directive to place the item on an open meeting agenda for final action, or a request that additional information be gathered for discussion on another date.

One of the most difficult aspects of the Open Meetings Act results from the fact that communications between a quorum of a city council about public business, no matter the forum or the time, constitute a "meeting" to which the Open Meetings Act applies. As a result, members of council have generally been advised to avoid commenting, for instance, on social media sites related to city business if the discussion will ultimately involve a quorum.

However, a written communication between members of council about public business or public policy over which the council has supervision or control does not constitute a meeting if the following conditions are met: (1) the communication is posted to a city-owned or controlled online message board that is viewable and searchable by the public, (2) the communication is displayed in real time and displayed on the message board for no less than 30 days after the communication is first posted, and (3) the message board is prominently displayed on the city's primary internet webpage and not more than one click away from the city's primary internet webpage. A city may not have more than one online message board used for these purposes.

Additionally, the online message board may only be used by members of council or city employees who have received authorization from the council. If a city employee posts on the message board, the employee must include his or her name and title with the communication. Moreover, the council may not vote or take action by posting on the city's online message board, and if the city removes a posted message, the city must retain the posting for six years as it is considered public information.

Stiff penalties are provided for violations of the Open Meetings Act. A member of council who participates in an illegal closed meeting can be punished by a fine of $100 to $500, confinement in the county jail for one to six months, or both. The same penalty applies to a member of council who engages in a prohibited series of communications. For instance, using the telephone or email to poll other members of council or meeting with them individually to deliberate over some matter of city business that will be deliberated among a quorum of members could violate the Act.

The actions taken by a city council in an illegal meeting are voidable, and a court may assess costs of litigation and reasonable attorney's fees incurred by a party who substantially prevails in an action brought under the open meetings law.

Public Information Act

Chapter 552 of the Government Code requires that most city records, including those in the

possession of members of council, be open to public inspection.

As with the Open Meetings Act, each elected or appointed member of the city council must take at least one hour of training in the Public Information Act or designate a public information coordinator to take the training on his or her behalf.

The training or designation must be completed not later than 90 days after the member takes the oath of office or assumes the responsibilities of the office. Again, note that a public official (for example, a member of a city council) may designate a public information coordinator to satisfy the open records training requirement.

"Public information" is defined as information that is written, produced, collected, assembled, or maintained under a law or ordinance or in connection with the transaction of official business: (1) by a governmental body; (2) for a governmental body and the governmental body: (a) owns the information; (c) has a right of access to the information; or (d) spends or contributes public money for the purpose of writing, producing, collecting, assembling, or maintaining the information; or (3) by an individual officer or employee of a governmental body in the officer's or employee's official capacity and the information pertains to official business of the governmental body. Information is in connection with the transaction of official business if the information is created by, transmitted to, received by, or maintained by an officer or employee of the governmental body in the officer's or employee's official capacity, or a person or entity performing official business or a governmental function on behalf of a governmental body, and pertains to official business of the governmental body.

"Public information" includes any electronic communication created, transmitted, received, or maintained on any device if the communication is in connection with the transaction of official business. "Official business" is defined as any matter over which a governmental body has any authority, administrative duties, or advisory duties. This means, for instance, that the Public Information Act now expressly provides that communications on the privately-owned computer or cell phone of a member of council, if made in connection with the transaction of official business, are public information.

Members of council are considered "temporary custodians" of the public information on their privately-owned devices. A "temporary custodian" is an officer or employee of a city, including a former officer or employee, who, in transaction of official business, creates or receives public information that the officer or employee has not provided to the city's officer for public information or the officer's agent. As a temporary custodian, the member of council must either preserve the public information in its original form in a backup or archive and on the privately-owned device for the required record retention period, or transfer the public information to the city or the city server. Also, as a temporary custodian, a member of council is required to surrender public information in a privately-owned device and that is the subject of public information request to the public information coordinator not later than the tenth day after receiving a request from the public information coordinator. Failure to surrender the information could be grounds for disciplinary action by the city council, as well as, other penalties being brought against the temporary custodian.

The media on which public information is recorded may include paper; film; a magnetic, optical, or solid state or other device that can store an electronic signal; tape; mylar; and any physical material on which information may be recorded, including linen, silk, and vellum. The general forms in which the media containing public information exist may include a book, paper, letter, document, email, Internet posting, text message, instant message, other electronic communication, printout, photograph, film, tape, microfiche, microfilm, photostat, sound recording, map, and drawing and a voice, data, or video representation held in computer memory.

Certain information is specifically excluded from the requirements of the law. While the list of exempt materials is too long to recite here, it includes such information as working papers being used to draft ordinances or resolutions; certain personnel records; certain law enforcement records; information that would, if released, give an advantage to bidders; documents protected because

of attorney-client relationships; documents relating to pending litigation; and various types of critical infrastructure and homeland security information, including information that relates to: (1) staffing requirements of an emergency response provider; (2) tactical plans; (3) infrastructure vulnerability assessments and other reports prepared for the federal government; (4) the location of dangerous materials that may be used for weapons; (5) computer passwords; and (6) information regarding security systems that protect property from terrorism or related criminal activity.

Despite the narrow exemptions established in the law, its net effect is to require that most public information, upon request, must be made promptly available, to members of the public. A city that receives a written request for information that it wishes to withhold from public disclosure and that it considers to be within one of the exceptions to disclosure under the Public Information Act, must, with some exceptions, ask for a decision from the Texas attorney general. If an attorney general decision is required, the city must request the decision and state the exceptions that apply not later than the 10th business day after receiving the written request. Not later than the 15th business day after receiving the request, the city must submit to the attorney general the reasons that the exceptions apply, a copy of the request for information, and a copy of the information requested or representative samples labeled to indicate which exceptions apply to which parts of the information. Recent legislation now requires cities, other than those with fewer than 16 full-time employees or that are located in a county with a population of less than 150,000, to submit all requests for an attorney general ruling and certain related documents through the attorney general's electronic filing system.

Formal Meetings of the Council/ The Agenda

A well-organized agenda is an indispensable part of every orderly council meeting. The agenda establishes a calendar of activities for the council to follow in the course of its meeting. It lists all the items of business that will be considered. By putting members of council on notice as to what will be discussed, each of them is enabled to arrive at the meeting prepared and ready to conduct business.

The following illustrates a typical agenda format:

1) Call to Order—The presiding officer calls the meeting to order and determines whether a quorum is present.
2) Invocation—Optional.
3) Roll Call—Although most city councils are small enough to readily determine who is present by simply looking around the council table, a formal roll call lends an air of dignity to the proceedings.
4) Approve Minutes of the Previous Meeting—Unless a majority of the council desires that the minutes of the previous council meeting be read, the minutes can be approved as submitted or corrected.
5) Consent Items—"Consent" items are noncontroversial items that can be considered and voted upon as a block.
6) Public Comment Session—Scheduling this agenda item early in the meeting permits members of the public to complete their business with the council in a timely manner and then leave if they wish.
7) Public Hearings.
8) Old Business—Final passage of ordinances, and other business pending from previous council meetings.
9) New Business—New ordinances or resolutions (or amendments to existing ones) or policies that councilmembers or city staff wish to have the council consider. Under the Open Meetings Act, each item to be considered must be specifically described in the agenda. It is not sufficient just to put the words "New Business" or "Old Business" on the agenda, and then allow the consideration at the council meeting of any or all items that might be brought up.
10) Reports of Advisory Boards and Commissions—Each board or commission must be listed, together with a description of each report that will be presented at the council meeting.
11) Items from Council—This part of the agenda is provided for members of council to present matters other than ordinances, resolutions, and other matters requiring

formal action. The attorney general has opined that matters raised by members of council or city staff must be specifically described on the agenda (other than items of "community interest," as previously explained in this chapter). Examples would include a councilmember's request that the staff take action on a particular problem, as described in the agenda.

12) Staff Reports—This agenda item includes reports from the mayor and/or city administrator on the status of various projects, problems that are developing in particular neighborhoods, and so on. Under the open meetings law, each of these reports must be listed and specifically described in the agenda.
13) Announcements.
14) Adjournment—If there is no further business, the mayor can adjourn the meeting. If all of the items listed in the agenda have not been considered and disposed of, a majority vote usually is required to adjourn.

The amount of detail included in the agenda is a matter for the council to decide. Oftentimes, the agenda is used as the notice of the meeting. In that case, the legal rule applicable to the format of an agenda is found in the open meetings law, which requires that every agenda item be specifically described in the meeting notice. In practice, this means that broad categories, such as "Old Business" or "New Business," cannot be included in the agenda without listing each of the specific items that will be discussed.

The city council is specifically required to keep minutes or a recording of each of its open meetings. The minutes must state the subject matter of each deliberation and must indicate each vote, other decision, or other action taken by the council. The minutes or recording are public records and may be examined or copied by members of the public. This requirement must be met for all open meetings of the council, including meetings where formal actions or votes do not occur. For example, a city council or board that meets to discuss formulation or development of a policy or ordinance that will be voted on at a later date must keep a formal record of the proceedings, even though no final vote or action is taken.

Rules of Order and Procedure

Recognizing that every legislative body needs a systematic way of conducting its business, many city councils operate according to formal rules of order and procedure. Rules of order and procedure prevent confusion by establishing an organized process for conducting council meetings. Properly followed, they save time for all participants, while protecting the individual member's right to participate fully.

The following provisions usually are included in rules of order and procedure:

1. Designation of the time and location of regular meetings of the council, together with a description of procedures for calling special meetings;
2. Procedures for placing items on a meeting agenda;
3. Methods for compelling members of council to attend meetings;
4. A description of the duties of the presiding officer at council meetings;
5. A description of the parliamentary rules under which the council will operate;
6. Procedures for introducing and voting on ordinances, resolutions, and other items;
7. The order of business the council will follow at each meeting; and
8. A ranking of motions by order or precedence, which motions may or may not be debated, and so on.

Although most city councils use *Robert's Rules of Order* to conduct their meetings, some have adopted their own local rules. *Robert's Rules of Order* may be appropriate for some cities, but is often too cumbersome for others. State law is silent with regard to what procedural rules apply; so, unless your city charter provides otherwise, any standard rules that are reasonable and consistently followed are acceptable.

The following two sections briefly describe motions and debate rules that are fairly common.

Motions

A motion is simply a vehicle for initiating action on a proposal. Some types of motions can be brought

up and voted on at any time, while others are out of order at certain times. Certain motions outrank others. Some motions require a second; others do not. Knowing the difference between the various types of motions and when to use them is a first step in taking an active part in passing or defeating measures before the council.

A main motion is used to initiate the consideration of a new item of business. After being seconded, a main motion is subject to being debated, amended, tabled, or withdrawn before a final vote is taken.

Any councilmember making a main motion may, prior to receiving a second, withdraw or change it. If the motion has been seconded, approval of the person who seconded it is required in order for the maker of the motion to change or withdraw it, unless another councilmember objects, in which case the change or withdrawal must be voted upon.

A new main motion cannot be brought up for consideration while another main motion is being debated. Each main motion must be disposed of before another is made.

A secondary motion is used to propose an action on a main motion being debated by the council. Examples of secondary motions include the following:

1) Motion to table the main motion; that is, lay it aside and go on to the next item on the agenda.
2) Motion to request that discussion cease and that the main motion be voted upon; that is, moving the previous question.
3) Motion to limit discussion to a fixed amount of time.
4) Motion to postpone action on the proposal until some definite time in the future.
5) Motion to refer the proposal to a committee.
6) Motion to amend the main motion.
7) Motion to postpone action on the proposal to an indefinite future time.

These examples of secondary motions are listed in the order of their rank. Therefore, if the council is debating Councilmember X's motion that the item under consideration be referred to a committee, and Councilmember Y moves to table the main motion, debate would cease until Councilmember Y's higher-ranking motion is voted upon.
A privileged motion is used to bring procedural questions before the council, such as whether the council should recess or adjourn. Unlike other motions, privileged motions do not require a second in order to be considered.

A privileged motion can be offered at any time, without regard to any other motion pending before the council and must be decided before the council returns to the other business under discussion. Therefore, a motion to adjourn, if made while a main motion is before the council, must be decided before the main motion is considered any further.

Some privileged motions are more privileged than others. This is the usual order of their importance:

1) Motion to set the time and place of the next meeting.
2) Motion to fix the time of adjournment.
3) Motion to adjourn.
4) Motion to recess.
5) Motions on questions of privilege.
6) Motion to keep the meeting to the agreed order of business.

Thus, during consideration of a main motion, a privileged motion might be made to adjourn. But before the question is called on the motion to adjourn, another higher-ranking privileged motion might be made to set the time and place of the next meeting.

Debate

Motions are usually classified three ways: (l) undebatable motions; (2) privileged motions upon which limited debate is permitted; and (3) fully-debatable motions.

Undebatable motions involve procedural questions that can be resolved without discussion, such as tabling a main motion, moving the previous question, restricting further discussion of a main motion to a fixed number of minutes, postponing action, or referring an item under discussion to a committee. [See items (1) through (7) under "secondary motions."] After an undebatable motion is offered, the presiding officer must immediately take a vote, without discussion.

Privileged motions upon which limited debate is permitted include setting the time of the next meeting and others listed among items (1) through (6) under "privileged motions." Any discussion of a privileged motion must be addressed to the motion itself. A motion to fix the time for adjourning the council meeting, for example, might require limited debate as to the advisability of such a decision, but other points of discussion would be out of order.

Fully-debatable motions are subject to unlimited discussion prior to a decision.

One of the most important principles of debate is that councilmembers' statements be directly relevant to the item under consideration. Councilmembers recognized by the mayor are given the floor only for the purpose of discussing the item then pending, and they are out of order if they depart from that item.

"Debate" can easily evolve into statements of personal philosophy. Interesting though they may seem to the speaker, such departures do not belong in a council meeting. Meandering can be controlled by limiting councilmembers to one speech per agenda item or by restricting the length of their speeches. (Robert's Rules of Order sets an arbitrary limit of 10 minutes for each such speech.) A more difficult alternative is to impose limits on the number of minutes that will be allotted for a given agenda item.

Role of the Mayor as Presiding Officer

The mayor, as presiding officer, has the primary responsibility for ensuring that the council's rules of procedure are followed and for maintaining the dignity of council meetings. The mayor calls the meeting to order and confines the discussion to the agreed order of business. He or she recognizes councilmembers for motions and statements and allows audience participation at appropriate times. The mayor sees to it that speakers limit their remarks to the item being considered and, as necessary, calls down people who are out of order.

Proper performance of these functions requires that the mayor know parliamentary procedure and how to apply it. The mayor must recognize that parliamentary procedure is a tool, not a bludgeon—that is used to ensure that the will of the majority prevails while the right of the minority to be heard is protected.

In addition to fulfilling the duties of the presiding officer, the mayor should be familiar with legal requirements imposed by state law. This involves knowing which actions are required on ordinances, when extraordinary council votes are required, and when a time element—such as the deadline for giving notice of a city election—is important. The city attorney can help with these matters, but if the mayor knows the basics, time can be saved and illegal or incomplete actions prevented.

Presiding effectively at a council meeting is an art that no book can fully teach. The tactful presiding officer knows how to courteously discourage councilmembers who talk too much or too often, and how to encourage shy councilmembers who are hesitant to speak at all.

Councilmembers' remarks should always be directed to the chair. Even when responding to questions asked by another councilmember, he or she should begin by saying, "Mayor, if you will permit me. . ." and wait for recognition from the chair before proceeding. This helps avoid the spectacle of two councilmembers haggling over an issue that is of little interest to their council colleagues.

In addition to maintaining order and decorum at council meetings, the mayor must see to it that all motions are properly dealt with as they arise. The mayor must recognize the councilmember offering the motion, restate the motion, present it to the council for consideration, call for the vote, announce the vote, give the results of the effect of the vote, and then announce the next order of business.

In some cases, the mayor might refuse to allow a councilmember to offer a motion, even though it is in order, either because of unfamiliarity with parliamentary procedure or because of personal opposition to the proposed action. The mayor's refusal to allow a motion to be considered is subject to appeal, as are all of the mayor's decisions regarding procedures. A simple majority vote is all that is required to overrule the mayor's decision on procedural issues. If the decision of the chair is sustained, no further action is taken; but if the decision of the chair is overruled by the council,

the council goes forward with the discussion of the motion or other matters before it.

On rare occasions, the mayor, in the heat of the moment, may rule that an appeal is out of order, or even declare the meeting adjourned. Both rulings are improper. A meeting cannot be summarily adjourned by the mayor. If an appeal from the decision of the chair is made immediately following the ruling, it is not out of order. If the mayor refuses to honor the appeal, the person making the appeal could then state the question, suggest limited debate, and then put the question to a vote.

Streamlining Council Meetings

Even the best planned council meetings can deteriorate into endurance contests. These are not necessarily the exceptional meetings, with long public hearings or battles over controversial ordinances. As often as not, these are regularly-scheduled meetings which drone on until the entire council is thoroughly exhausted.

Regulating Talk

Too much talking is the most common cause of lengthy meetings. Talking can assume a variety of forms—bickering or tiresome exchanges of personal opinions among councilmembers, endless speeches by citizens appearing before the council, or unnecessarily long and detailed reports by staff.

Nearly all these problems can be overcome by tactful action on the part of the presiding officer. If citizens addressing the council ramble on and on, the mayor may have no choice but to tell them to confine their remarks to the subject at hand and conclude as quickly as possible. If the problem is created by a talkative councilmember, a simple statement to the effect that "it's getting late and we must move along" usually will suffice, though private visits by the mayor may be needed to handle chronic talkers.

Shortening the Agenda

Having too many items on the agenda is another frequent cause of lengthy council meetings. This is not an easy problem to solve, and several evaluation sessions may be needed to correct the situation.

Perhaps the agenda is loaded down with detailed items that are included for reasons of custom, rather than necessity, and many of these could be handled by staff without council action. If too much meeting time is needed to explain the various items on the agenda, perhaps a requirement that the more complex ones be explained in writing in advance of the meeting would help.

In some cases, it may be discovered that lengthy council meetings are the result of complexities that simply cannot be overcome. In these instances, the only answer may be more frequent meetings.

Handling "Consent" Agenda Items

Agendas tend to be cluttered with uncontroversial, recurring items that are of little interest to most councilmembers but must be included because they require formal council approval. Examples include council approval of the minutes of previous meetings, routine purchases, and minor fund transfers between accounts. Most of these items generate no discussion, but each uses up time by requiring a separate motion to approve, a second, and a vote.

This problem can be overcome by establishing a "consent" agenda category that encompasses routine items that are approved by a single motion and a vote, without debate. ("Councilmember Smith moves the approval of items 3a, b, c, d, e, f, and g.")

If a councilmember objects to a consent item, it is removed from the list and added to the regular agenda at the appropriate spot. If a councilmember questions a consent item, but not so strongly as to require that it be removed from the list, his or her "no" vote or abstention can be entered in the minutes when the consent vote is taken.

The number of consent items can range from a handful to 25 or 30 or more, depending on the council's workload and preferences. Whatever the size, the consent agenda can be a real time-saver. One city reported that using a consent agenda had slashed the length of the average council meeting by 50 percent.

Administrative Improvements

Some council meetings are unnecessarily long because of deficiencies in the city's administrative procedures. For example, residents who can't get their problems solved at city hall during normal business hours are likely to show up at council meetings to demand assistance. The fact that most of these complaints should have been handled through administrative action does not relieve the council of the duty to spend time listening to them.

Councilmembers who sense that too much formal meeting time is being devoted to hearing gripes from residents about administrative inaction usually come to the conclusion that the way to get frustrated residents off the agenda and into proper channels is to establish a system for receiving and processing complaints. The system can be simple, such as assigning one or two employees to process complaints on a part-time basis, or it can be a more sophisticated office operated by a full-time staff. In any event, it is usually advisable to have at least one staff member responsible for this function attend council meetings to be available to head off complaints.

Mechanical Aids

The time needed to explain an agenda item can be reduced by using photographs, flipcharts, and other graphic arts to supplement or replace written reports. Graphics and visual presentations needn't be expensive. In most cases, using a simple map to show the location of a project, flow charts to illustrate a particular procedure or process, photographs to point out the physical characteristics of the matter being discussed, or a PowerPoint presentation can provide the extra perspective that written words or oral discussions sometimes fail to convey.

Council Work Sessions

Informal work sessions (sometimes called "workshops") of the council may be needed from time to time to study certain matters in detail. These are most often held in con- junction with budget review since regular council meetings do not provide enough time to consider the budget in detail. Work sessions are also useful when major policy questions must be decided or when a complicated ordinance, such as a building code, comes before the council.
The Texas Open Meetings Act applies to all council meetings, including workshops. A notices of a workshop meeting therefore should be posted in the same manner as a notice of regular council meeting. Also, minutes or a recording must be made of the meeting.

Public Participation

Many members of the public form their opinions of the city government on the basis of having attended just one council meeting. For some, it will be the only one they attend in their lifetime. This is the time to impress citizens favorably, and to show them that the council is capable of doing its job.

The "public participation" period, also known as "public comment" or "public session," is a time slot set aside on the agenda for the public to address the council. Members of the public have the right to speak on items that are on the agenda for consideration at an open meeting. The council must allow the public to speak on items listed on the agenda of an open meeting either at the beginning of the open meeting or during the meeting when that item is being discussed by the council. The council can still adopt reasonable rules regarding the right of the public to address the council. This includes limiting the amount of time that the public may address the council on a given item. If the citizen addressing the council on an item on the agenda speaks a foreign language and needs an interpreter, then the council must allow the non-English speaker at least double the time allowed for English speakers to address the council. Though members of council are expected to be polite to members of the public appearing before them, they may not prevent the public from publicly criticizing the council or its actions during the public comment period.

The presiding officer should inform members of the public of the place on the agenda at which time they will be recognized to speak. And if an exceptionally controversial item has drawn a large crowd, it is generally wise to state the approximate time the item is likely to come up for discussion.

To guard against filibusters by members of the public, some councils limit the length of time any one member may speak to three or four minutes, and permit this to be extended only by a two-thirds vote of the council. This kind of limitation often is necessary to keep talkative speakers from infringing on the rights of others who may wish to speak.

A city council may also allow the public to speak on items that are not listed on the agenda during a public comment session. If the city council allows the public to do so, it may apply reasonable rules regarding the number, frequency, and length of the presentation, but it cannot discriminate against speakers. In such instances, limited verbal interchanges between members of the public and members of council are allowed. When a member of the public makes an inquiry about a subject which is not on the agenda, a member of council may respond with a statement of factual information or recite existing policy.

Because the city council cannot take action on an item unless it has been posted on the agenda in accordance with the Open Meetings Act, if a citizen brings an item before the council that needs to be acted upon, the city council should request that it be placed on the agenda for the next meeting. The attorney general has also stated that if a city knows or reasonably should know the subject matter of a citizen's presentation, it should place the matter on the agenda.

Public Hearings

The purpose of a public hearing is to present evidence on both sides of an issue. Some public hearings are required by state law, as in the case of the Uniform Budget Law (Sections 102.001 et seq., Local Government Code), which requires a public hearing on the city budget prior to its adoption. Others are voluntarily conducted by the council to obtain a full range of citizen opinion on important matters, such as a proposed bond issue. The difference between a public hearing and a public comment session is that a public hearing is required by law for particular topics with specific notice requirements set out by law.

The proper conduct of a public hearing is no less important than for a regular council meeting. Each should begin promptly and be conducted in an orderly manner in conformance with established rules of procedure.

At the start of the hearing, the presiding officer should clearly state the subject to be discussed. If, for instance, it is a rezoning public hearing, the proposed ordinance should be read and its purpose explained. If the subject is controversial, the following order can be adhered to: proponents' presentation, opponents' presentation, proponents' rebuttal, opponents' rebuttal, questions from council.

One cardinal rule to remember is that numbers don't always count. There are some topics that naturally draw large, highly biased crowds. Vocal minorities often swamp public hearings to show that their side has widespread support. Such items as little league ballparks, school crosswalks, water rates, and taxes can attract crowds, but the size of the turnout does not necessarily indicate that their cause is just. The council is elected to serve all the citizens, and the council must look at the overall picture—not just the view presented by one partisan group.

The council is responsible for weighing the evidence presented at the hearing and, after due consideration, reaching a decision. Obviously, this cannot always be done at the same meeting as the public hearing. In fairness to those who have taken the time to attend, the presiding officer should indicate whether a decision will be made immediately after the hearing and announce the final result . Otherwise, the chair should describe the reason that no decision will be made at that time, then state the probable time at which a final determination will be reached.

When a decision is announced on an issue that involves a public hearing, the presiding officer may, with the assistance of legal counsel, give the reasons why the decision was reached. Even a brief explanation will help prevent observers from feeling that the outcome of the hearing was decided in advance, and that they wasted their time by attending.


POLICE
NO PARKING FIRE LANE
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JEFFERSON ST

Chapter Six: Financial Administration

Financial administration, simply stated, is matching dollars with needs. Financial administration is the small town mayor who notices that city hall has a leaky roof and makes a mental note to have it replaced when the money is available. Financial administration is a million-dollar capital improvements program, a bond election preceded by a barrage of information disseminated through the news media, a bond sale, and a report to the taxpayers through the newspaper—all of this is part of financial administration.

Financial administration involves an understanding of the extent and limits of the economic resources of the city and the methods of tapping them to meet residents' demands for city services. It begins with a thorough knowledge of revenue sources and ends with a proper accounting of all the funds expended by the city. Much lies in between; it is all financial administration.

Revenue Sources

City revenues come from many sources, including utility systems, property taxes, sales taxes, user fees, federal grants, and street rentals. (The Texas Municipal League publishes a comprehensive Revenue Manual for Texas Cities.)

Utility Revenues

Most Texas cities own water and sewer systems, while comparatively few operate electric or gas systems. Among those that own water or sewer systems, the revenue producedby utility billings accounts for a substantial portion of all money taken in at city hall. This percentage is considerably higher among cities that own electric or gas systems.

Property Taxes

Municipal property tax revenue is growing each year, both in total dollars and on a per-capita basis. In many cases, however, the demands on city budgets have increased at a much greater rate than have property tax collections.

Maximum Property Tax Rates

The Texas Constitution establishes the maximum permissible property tax rate for cities at the following levels: (1) for Type B and small Type C general law cities—25¢ per $100 assessed valuation; (2) for other general law cities with a population of 5,000 or less—$1.50 per $100 assessed valuation; and (3) for cities with 5,001 or greater population—$2.50 per $100 assessed valuation.

Administrative Procedures

Over the years, the Texas system of property tax administration has undergone significant change.

Prior to 1980, the appraisal of property for tax purposes was fragmented among more than 3,000 cities and other local jurisdictions, and there were no uniform statewide standards governing the administration of local taxes. In 1979, however, the Texas Legislature changed this situation radically when it enacted a new State Property Tax Code that established uniform appraisal policies and procedures.

Under the code, county-wide appraisal districts are now responsible for preparing a unitary tax roll that encompasses all property within the county. Although cities and other jurisdictions retain the authority to set their own tax rates and collect their own taxes, they must use the tax roll prepared by the central appraisal district for all tax-related purposes.

The basic procedures for administering property taxes include the following:

1) Appraisal: The taxable value of all property in the county is determined by the central appraisal district.
2) Protest: Any property owner dissatisfied by the value fixed by the central appraisal district can appeal to the appraisal review board. Upon a convincing demonstration that the appraisal district's determination was erroneous, the review board has the authority to correct the error, including but not limited to ordering a reduction of the taxable value of the appellant's property.

3) Assessment of Taxes: The tax roll prepared by the central appraisal district is furnished to cities and other taxing entities within the county; those entities use it as the basis for levying taxes for the coming fiscal year.

   Legislation passed in 2019 overhauls the process by which cities adopt their tax rates. Generally speaking, if taxes that fund maintenance and operations expenses increase more than 3.5 percent, the city must hold an election on the November uniform election date for voters to approve the rate. (Note: There are exceptions to this general process for cities under 30,000 population, under certain circumstances.) A city may not adopt a tax rate exceeding the lower of the voter-approved tax rate or the no-new-revenue tax rate until it publishes notice and holds a public hearing. Cities must take various other actions to promote transparency in the tax-rate-setting process, including posting certain information on their websites, and incorporating tax rate information into a database maintained by their appraisal districts.
4) Collection: After the council has set the property tax rate for the coming fiscal year, the tax assessor-collector mails tax notices to all property owners in the city and initiates the collection of taxes.

The procedures for assessing and collecting property taxes are prescribed by the Tax Code and Local Government Code. Complete details regarding state requirements are available from the Property Tax Division of the Texas State Comptroller of Public Accounts.

Delinquent Property Taxes

For obvious reasons, it is to the city's advantage to collect as much as possible of the amount of property taxes owed. In this regard, financial analysts are inclined to criticize cities that fail to consistently collect at least 95 percent of the taxes levied. In many Texas cities, a 98-percent collection rate is the norm.

The more successful city tax offices are assisted by an attorney who is skilled in collecting delinquent taxes. In some cases, this may be the city attorney, but the more common practice is for the city to hire a lawyer who specializes in the delinquent tax field. Most outside lawyers charge a fee that is paid by the delinquent taxpayers on the basis of a percentage of the delinquent taxes they owed.

City Sales Tax

As a result of legislation initiated by the Texas Municipal League, the general city sales tax became available to Texas cities in 1968 and has become almost universal, with virtually all cities in the state having adopted it.

Most cities in which the combined local sales tax (city, county, special district) has not reached two percent can consider the imposition of certain additional sales taxes for purposes that include economic development, crime control, property tax relief, and street maintenance. Additional information regarding the sales tax for economic development is available from the Texas Municipal League and the League's *Economic Development Handbook*.

User Fees

Charges for the use of city services are an increasingly popular method of generating revenues. In addition to charging for solid waste collection and water and sewer services, cities impose fees for the use of a variety of facilities, including swimming pools, golf courses, and airports.

Federal Grants

Despite cutbacks in recent years, federal aid is still an important part of the municipal revenue picture. For individual cities, federal aid as a proportion of all revenues fluctuates widely, with "distressed" cities receiving large amounts of federal money, and the more prosperous cities receiving comparatively little.

Street Rentals

A portion of an average city's revenue is produced by rental charges collected from private firms—such as cable TV companies, telecommunications providers, and gas and electric utilities—in return for allowing them to use streets and other public

rights-of-way. Municipal street rental charges for electric, gas, and water utilities are authorized under the state Tax Code, which allows cities to impose such charges on utility and transportation enterprises in return for the privilege of using the city's streets and alleys to string lines, bury pipes, and otherwise use public property to conduct business. The provisions for collecting compensation from telecommunications providers are contained in Chapter 283 of the Local Government Code, and those relating to cable and video providers are in Chapter 66 of the Utilities Code. Chapter 284 of the Local Government Code contains right-of-way compensation provisions for small cellular network nodes.

Fines

Under state law, a city may assess a fine of up to $2,000 per day for violations of ordinances dealing with fire safety, zoning, or public health-related matters. A city may assess a fine of up to $4,000 per day for violation of an ordinance governing the dumping of refuse. For ordinances dealing with other violations, the maximum fine is $500 per day.

The amount of revenue from fines as a proportion of city revenues usually varies in direct proportion to city size. In larger cities, fines generate a comparatively small proportion of total revenues; in most small cities, fine revenues play a much more important role in the city budget.
State law limits the amount of revenue that a city under 5,000 population may derive from fines for violations of traffic laws.

License and Permit Fees

Under their police powers, cities regulate a wide variety of activities to promote the health, safety, and welfare of local citizens. Permit and license fees provide the revenues necessary to finance the administrative costs of these regulatory programs. Examples of permit fees include those charged for examining subdivision plats and plumbing installations. Examples of license fees include those for registering dogs. The amount of a permit or license fee must bear a reasonable relationship to the cost of the particular regulatory program. Under the law, excessive fees may not be imposed to create "profits." Also, the city may not assess a fee or require a permit for which no bona fide regulatory function is performed.

Hotel-Motel Tax

Chapter 351 of the Tax Code authorizes most cities to levy an occupancy tax of up to seven percent on the price of a hotel or motel room. Other cities, depending on population, may levy an even higher tax. For purposes of imposition of a hotel occupancy tax, a short-term rental (STR) is considered a hotel under state law. Under the law, proceeds from hotel occupancy tax must be earmarked for certain specified purposes, including the advertising and promotion of the city and its vicinity to attract tourism, arts and cultural activities, historical restoration and preservation activities, registration of convention delegates, operation of visitor information centers, the construction of civic centers and auditoriums, certain sporting events, signage, and tourist buses. Cities must maintain a written list of all projects funded by the hotel-motel tax. Cities must also annually report to the comptroller their hotel occupancy tax rates, the amount of revenue collected from hotel occupancy taxes during the year, the amount of revenue collected in any preceding fiscal year that has not yet been spent and the amount of that revenue remaining in the city's possession, and the amounts and percentages allocated to specific uses during the year.

Taxes on Alcoholic Beverages

Under the Texas Alcoholic Beverage Code, the state levies both a gross receipts tax and a separate tax on the sale of all mixed drinks served in clubs, saloons, and restaurants. Some of the state's total collections are remitted back to the cities on a pro rata basis.

Additionally, cities are authorized by state law to levy fees not to exceed one-half of the state fee for a variety of alcoholic beverage-related permits, including permits for package stores, distributors, brewers, and others issued within the city.

Occupation Taxes

Cities are authorized to levy an occupation tax on certain businesses and professions, such as operators of pinball machines and other coin-operated devices. The rate of the city tax may not exceed an amount set by law and may not exceed 50 percent of the rate of the occupation tax levied by the state on the same businesses if

no statutory amount is set. A city may not levy a tax on a business or profession not subject to state occupation taxation.

Special Assessments

A "special assessment" is a charge imposed by the city on a limited group of properties to finance public improvements that specifically benefit those properties and enhance their value. Special assessments are most frequently used to finance the construction of sidewalks or reconstruction of streets. The cost of improvements is apportioned among all the owners of property abutting the improvement according to relative benefit. Costs are divided between property owners and the city according to the state law applicable to the particular type of improvement.

Miscellaneous Revenues

Miscellaneous income is derived from many different sources, such as rental charges for the use of city property, the sale of city property, the sale of water and other utility services to other jurisdictions, and interest in- come on idle city funds.

Budgeting

For many members of council, budgeting represents the most wretched and tiresome aspect of city government. Budgeting begins amid cries from some citizens for "tax relief" and demands from others that their "essential" programs be funded. Upon its adoption, the budget is dismissed with a sigh: "Now that that dreadful chore is behind us, we can get on with the 'fun' part of the city's business."

Financial management is indeed unglamorous, and budgets are poor leisure reading. However, it is also true that among all the functions performed by the city council, budgeting is the most important.

In its simplest definition, budgeting is a plan for utilizing the city's available funds during a fiscal year to accomplish established goals and objectives. Within a broader context, the budget also serves to:

1) Provide the public with an understandable financial plan that plainly describes activities that will be undertaken during the next fiscal year and the extent and specific types of services that will be performed.
2) Establish priorities among city programs, particularly new or expanded programs.
3) Define the financial framework that will be used to periodically check the status of city operations.
4) Determine the level of taxation necessary to finance city programs.

Budgeting is the forum for making the most of the council's key decisions about the future of the city. It is a process for determining the community's standard of living—what local residents need and want, what they are willing and able to pay for, and what services they can expect to receive for their tax dollars.

The council can use the budget to restore an ailing city government to financial health, or misuse it to drive a healthy government to insolvency. It can be used to nurture community development or freeze growth. The budget is everything. It is, in the words of one mayor, "the World Series of municipal government."

Statutory Requirements

The budgeting process in every Texas city, regardless of size, must comply with the requirements in Chapter 102 of the Local Government Code. Under the statute:

1) The city council must adopt an annual budget and conduct the financial affairs of the city in strict conformance with the budget.
2) The budget for each fiscal year must be adopted prior to the first day of such fiscal year. In most Texas cities, the fiscal year begins on October 1; therefore, the budget must be adopted by September 30 or earlier.
3) The city's budget officer must prepare a proposed budget for the consideration of the city council. In most cities, the law requires that the mayor serve as budget officer; in cities that have adopted the city

manager form of government, the city manager is the budget officer.

4) Copies of the proposed budget compiled by the budget officer must be filed with the city clerk/secretary and made available for public inspection. The initially proposed budget must be filed no later than 30 days prior to the date upon which the city council sets the property tax rate for the next fiscal year.
5) If the budget will raise more total property taxes than in the prior year, it must contain a cover page giving notice of that fact. A budget calling for such a property tax increase must be posted on the city's website if it operates one.
6) The city council must hold a public hearing on the budget after the 15th day that the budget has been filed with the city clerk or secretary. Notice of the public hearing must be given in a newspaper of general circulation in the county not less than ten nor more than 30 days prior to the hearing. The notice must identify a proposed property tax increase.
7) Upon adoption of the final budget by majority vote of the council, copies must be filed with the county clerk and city clerk/secretary and made available for public inspection. A budget that raises total property taxes requires a separate ratification vote. The adopted budget must contain a cover page that includes property tax information as well as the record vote of each councilmember on the budget. The adopted budget and cover page must be posted on the city's website if it operates one.
8) After the new fiscal year has begun and the budget has been put into effect, no expenditure "shall thereafter be made except in strict compliance with such adopted budget," and council may not amend the budget to authorize new or additional expenditures except for reasons of "grave public necessity" requiring "emergency expenditures to meet unusual and unforeseen conditions, which could not, by reasonable diligent thought and attention, have been included in the original budget..." However, council may make changes to the budget that do not increase the total expenditure in the original budget (for example, moving amounts from one budget line item to another line item) without a finding of "grave public necessity.
9) The budget and any amendments to it must be filed with the county clerk.
10) The governing body of the city may levy taxes only in accordance with the budget.

For obvious reasons, Chapter 102 of the Local Government Code is generally interpreted to prohibit deficit financing— that is, budgeting expenditures for which no offsetting revenues are provided.

Many charters also prescribe the format of the budget, including requirements that it contain a message describing the budget officer's proposed fiscal plan for the city and significant features of the budget for the forthcoming fiscal year; a general summary, with supporting data, which shows proposed expenditures and anticipated revenues for the next fiscal year and their relationships to corresponding data for the current budget year; and details of proposed expenditures and anticipated revenues.

Basic Budget Information

Adoption of a plan of city services for the next fiscal year begins with a budget document containing certain basic information. The budget document should identify all services currently provided and proposed to be provided (or terminated) during the coming fiscal year. For each service, the following information should be furnished:

1. An itemization of expenditures for each service during the previous fiscal year, a projection of actual expenditures for the current year, and proposed expenditures for the next fiscal year.
2. A statement of objectives for each service to be funded during the next fiscal year. "Objectives" do not mean organizational objectives—such as "to add new police officers" or "to purchase a new street sweeper." Rather, these statements should describe the benefits the community will derive from a particular service, such as

"to reduce average police response time to emergency calls by three minutes," or "to clean x number of miles of streets."
3. The proposed level of each service for the next fiscal year, together with a description of performance standards for each. In the case of the solid waste budget, for example, service levels and performance can be expressed in terms of the numbers of customers served and the volume of refuse collected. Street maintenance can be expressed in terms of lane miles resurfaced, maintenance requests, and number of complaints concerning street quality, and so on. This approach will help the council focus on community benefits that will be produced by a given expenditure, rather than on such details as whether a particular department is requesting too much money for supplies or travel.
4. A brief description of the methods by which the services will be delivered.
5. An itemization of the cost components of proposed services.
6. Sources of funding for the proposed services.
7. A description of factors that could affect the cost of proposed services.

The budget also should contain a summary of the city's financial condition for the prior year and current year, and a projection of its anticipated condition for the coming fiscal year and beyond. This summary should indicate:

1. Outstanding obligations of the city.
2. Beginning balance of all cash funds.
3. Actual revenues, broken down by source, collected in the preceding year and anticipated for the ensuing year.
4. Estimated revenue available to cover the proposed budget.
5. Estimated tax rate required to cover the proposed budget.

Properly organized, this information will enable members of council to gain a comprehensive understanding of the city's financial condition and give them the tools they need to establish the scope and direction of municipal services for the coming year.

Implementation

After the budget has been approved, regular monitoring by the city council can help ensure that municipal services are carried out in accordance with budget objectives and within expenditure ceilings. In most cities, the budget officer is required to furnish the council with periodic reports that show the prior month's expenditures and total expenditures to date for each budgeted activity. Using these reports, the council can identify deviations from budget plans, anticipate financial trouble spots, and determine whether the various departments are functioning properly.

On a periodic basis, perhaps quarterly, the council should be furnished with a written description of significant budgetary developments during the current fiscal year. For each activity, this statement should describe progress to date in comparison with objectives, and should provide reports on expenditures by budget category and revenue collections. Revised estimates of revenue also should be presented, together with revised surplus or deficit projections. These reports will give the council the basis for determining how well the city is meeting its service targets with the funds available. Also, it can help the council determine whether budget modifications are needed during the year.

Municipal Borrowing

It is a rare case when a city is able to carry out a capital improvements program of any consequence without using credit. More often, the city borrows money, and in doing so, offers future tax collections or utility revenues as security for the loan.

Loans fall into two categories: short-term and long-term—or, stated differently, loans to be repaid within the current fiscal year versus those to be repaid in future years. This section briefly reviews the two types of loans.

Short-Term Borrowing

Most short-term loans are made with local banks. Their purpose is to provide funds of a temporary nature, and they are made with the expectation of repayment within the current fiscal year. A bank

loan made in August to avoid an overdraft in the general fund pending receipt of tax collections in September is a good example of a short-term loan.

A short-term loan differs from a long-term loan in two respects: (1) it will mature within the current fiscal year; and (2) it can be approved by the city council without the necessity for voter approval at a referendum election.

Short-term loans should be used sparingly. An excessive amount of short-term debt can adversely affect the city's bond rating and impair its ability to accomplish long-term borrowing for major capital improvement programs. Frequent use of short-term borrowing reflects deficiencies in the quality of the city's management of its financial resources.

Long-Term Borrowing

Unlike short-term loans, which can be repaid with general fund dollars derived from a variety of revenue sources within the current fiscal year, long- term loans require that the specific source of revenue that will be used to repay the debt be identified and, in certain cases, pledged.

Long-term loans secured by a pledge of property taxes are called "general obligations" and include ad valorem tax bonds, time warrants, and certificates of obligation. Long-term loans secured by a pledge of revenue from an income-producing facility are called "revenue bonds."

General Obligation Debt

General obligation debts are payable from, and are secured by, a pledge of future property tax collections. Under standards promulgated by the Texas attorney general, a city with a maximum permissible tax rate of $1.50 per $100 assessed valuation may not incur general obligation debt that will require the levy of a tax at a rate higher than $1.00, after allowing ten percent for delinquencies in collection and for the payment of maturing principal and interest.

General obligation debt is commonly expressed as a percentage of the city's total assessed valuations. For example, a city that has a total assessed valuation of $10 million and outstanding general obligation debt in the principal amount of $500,000 is said to have a debt ratio of five percent. Three common forms of general obligation debt are ad valorem tax bonds, time warrants, and certificates of obligation.

Ad Valorem Tax Bonds

Ad valorem tax bonds are commonly referred to as general obligation, or G.O. bonds. They are issued pursuant to an ordinance adopted by the city council, typically following approval of the bonds at a referendum election. The bonds are examined as to legality by the Texas attorney general, and then delivered by the city to the successful purchaser or bidder for payment in cash. This cash is then used by the city to pay for libraries, police buildings, city halls, and other public facilities with a long, useful life.

G.O. bonds usually are issued in $5,000 denominations, and the bond issue usually provides serial maturities, with a certain amount of principal maturing each year over a period not to exceed forty years.

General obligation bonds have the highest degree of investor acceptance of any type of municipal indebtedness, and they command the lowest interest rates. Therefore, unless exceptional circumstances dictate otherwise, G.O. bonds are the preferred means of borrowing against a pledge of tax revenues.

Time Warrants

Time warrants are also general obligation debts and are payable from ad valorem taxes. Unlike G.O. bonds, which are sold for cash, time warrants are issued directly to vendors to pay for construction, equipment, and services. Also, unlike G.O. bonds, time warrants do not require voter approval, although the law does require that the city council publish notice of its intent to issue them and that the council call a referendum election upon presentation of a petition signed by ten percent of the taxpaying voters.
The procedures for issuing time warrants are cumbersome and expensive and will result in

the city paying a higher rate of interest than if the borrowing were accomplished with bonds. Nevertheless, time warrants can occasionally be advantageous—for example, to complete the construction of a public works project where there has been a cost overrun and bond funds have been exhausted.

Certificates of Obligation

The third form of general obligation debt payable from property taxes is certificates of obligation (COs). Like time warrants, COs can be issued without voter approval—except that upon notice of the city's intent to issue COs, five percent of the qualified voters can force an election on the issue by submission of a petition. With certain exceptions, a city may not issue a CO to pay a contracted obligation if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding three years and failed to be approved.

COs can be issued directly to vendors to pay for construction work, equipment, machinery, materials, supplies, land, or professional services furnished to the city. Also, under certain circumstances COs can be sold, like bonds, for cash, in which case they must be approved by the Texas attorney general in the same manner as bonds.

Revenue Bonds

Revenue bonds are the only type of bond secured by a pledge of revenues from an income-producing facility such as a utility system. Revenue bonds are usually designated with the name of the system that pledges the revenues (for example, Waterworks System Revenue Bonds, Waterworks and Sewer System Revenue Bonds, and so on).

When utility revenues are pledged to support revenue bonds, the pledge is made of the system's net revenues—that is, gross revenues minus operating and maintenance costs. Such bonds are payable solely from these revenues and include a statement on their face that the holder shall never be entitled to demand payment from property taxes.

In determining whether the amount of pledged revenues is sufficient to repay the outstanding revenue bonds of a utility system, analysts will look at the ratio between the system's net earnings and the requirements of principal and interest maturities over a period of years. As a rule, net revenues should be at least 1.25 times larger than the average annual debt service requirements of the system. This ratio is called "coverage," and revenue bonds are said to have 1.25X coverage, or 2.23X coverage, and so on. The higher the coverage, the better the security for the bonds and, all other things being equal, the lower the rate of interest at which the bonds can be issued.

In pledging the revenues of a utility system, it is common to make a "cross pledge," or "combined pledge." This is a pledge of the revenues of one system to repay bonds issued for improvements to a different system; for example, pledging the net revenues of the water system to the payment of bonds issued to improve the sewer system. On the other hand, the revenues of a utility system may not be cross pledged to the payment of bonds issued on behalf of a non-revenue-producing facility. For instance, water system revenues cannot be pledged to the payment of bonds issued to build a city hall.

Bond Ratings

As the annual volume of long-term debt incurred by state and local governments has grown over the years, competition between cities and other borrowers for investors' dollars has increased correspondingly. A municipal bond rating is one of the methods used to help alleviate the problems arising from this competitive situation.

A bond rating gives a quick indication of the quality of a new issue being offered, so that prospective bidders may know if they want to develop a bid. But a bond rating has greater value than a mere screening device: it also influences the rate of interest payable on bonds. Therefore, it is desirable that the city maintain a good rating for its bonds, because it can mean the difference between a good bid and a poor one, and a difference in interest charges to the city running into many tens of thousands of dollars.

Most Texas cities have more than one bond rating. Each bond issue is rated separately, based on the source of revenue that has been pledged to secure payment. General obligation bonds, therefore, are rated separately from water or sewer revenue bonds.

In determining the rating of a bond issue, analysts focus on the nature of the particular security. In the case of general obligation bonds, prime importance is attached to relationships among the city's debt, wealth, population, and tax collection experience. The economic base of the city, the stage of its development, and the quality of its government also are important factors. Finally, analysts examine the exact nature and strength of the legal obligation that the bonds represent.

The bond ratings of two particular firms are universally accepted in investor circles. These are Moody's Investors Service and S&P Global (formerly Standard & Poor's Corporation), both of which are based in New York City. The four investment grade ratings granted by these services are as follows:

Moody's Investors Service
Aaa: Best quality, carrying the smallest degree of investment risk.
Aa: High quality (together with Aaa comprise "high-grade bonds").
A: Higher medium-grade (many favorable investment attributes).
Baa: Lower medium-grade (neither high-quality nor high-risk).

S&P Global
AAA: Highest rating, with extremely strong capacity to repay loan.
AA: Only a small degree below AAA in the capacity to repay the loan.
A: Strong capacity to repay loan, although more susceptible to adverse effects in economic conditions.
BBB: Adequate capacity to repay loan.

In offering newly issued bonds for bids, the city should apply to one or both of the rating agencies to obtain a rating on the issue being offered. The nominal cost of obtaining a rating can be recovered many times over by minimizing interest costs on the basis of a favorable bond rating, as opposed to the sale of non-rated bonds.

Bond Elections

If it has been determined by the city council that a bond election is required, the first step—and the key step—in a successful campaign is citizen participation. The tried-and true elements of a successful bond election include the following:

1. Let private citizen volunteers, rather than the city council, conduct the campaign to persuade local voters to vote for the bonds.
2. Enlist the support of community and civic organizations.

Installment Obligations

An ever-increasing number of Texas cities are financing municipal purchases through installment sales or lease-purchase agreements. Generally speaking, cities must competitively procure the personal property at issue when a lease-purchase agreement or installment sale involves an expenditure of more than $50,000 in city funds.

Anticipation Notes

Certain cities may have authority to borrow against anticipated revenue (typically federal grant money) by issuing anticipation notes. Anticipation notes may be appropriate for borrowing relatively small amounts of money when the issuance of bonds would be cost prohibitive. State agencies may be authorized to purchase anticipation notes from cities, thus speeding the grant process to fund city projects. The law relating to anticipation notes is found in chapter 1431 of the Texas Government Code.

Capital Improvements Programming

It is a financial fact of life in every city that the demand for new streets, water lines, and other public works will always exceed the supply of current funds. Capital improvements programming is the primary method used by most cities to cope with the perpetual imbalance between capital demands and limited financial resources.

A capital improvements program (CIP) is a long-term plan, usually spanning five to six years, for financing major cost items that have a long useful life, such as buildings, land, streets, utility lines, and expensive equipment. The CIP document lists all the capital items scheduled for construction or acquisition during the next five or six years, the time when construction or acquisition is to occur, the amount expected to be spent during each year of the CIP, and the source of funding for each expenditure.

Preparation of a CIP involves five major steps. First, a list of proposed capital improvements is prepared on the basis of recommendations from the city council, staff, and community groups. The city's comprehensive plan will be the source of many CIP items, but whatever the source, each item included in the list should be supportive of the community goals expressed in the plan.

Second, cost estimates are developed for all proposed CIP items. In addition to stating the up-front cost of each item, these calculations usually include a description of savings that will result from its acquisition or construction, as well as the impact the item would have on future revenues or operating costs.

Third, a determination is made of the city's ability to pay for the items included in the draft CIP, together with a description of the method by which each will be financed. Ability to pay will be determined by a financial analysis of past, current, and future revenue, expenditure, and debt patterns. Options for financing particular items include special assessments, state or federal grants, additional fees or taxes, current revenues (pay-as-you-go), reserve or surplus funds, general obligation or revenue bonds, and certificates of obligation. The objective of this step is to determine, for each year, the minimum costs the city will incur before any new capital expenditures can be financed.

Fourth, all proposed CIP items are organized by the staff for orderly presentation to the city council. Each is ranked in recommended priority order. Items that overlap or duplicate previously approved projects or that are inconsistent with the city's comprehensive plan are identified and perhaps downgraded.
Finally, the tentative CIP is discussed at public hearings, thoroughly reviewed by the council, and then finally approved by formal council action.

Based on information contained in the CIP, a capital budget is prepared to show all capital expenditures in priority order, together with summaries of the financial activities planned for each year, including the amounts of bonds to be issued, amounts of operating funds required, and so forth.

The capital budgeting process normally takes place on a cyclical basis. Under a six-year CIP, year one is the current capital budget adopted by the city council at the same time it approves the operating budget. Many times, the capital budget is included as a component of the operating budget. Years two through six, having been approved by the council when it adopted the CIP, remain in the record as expressing the council's intent to carry forward with the balance of the CIP.

At the conclusion of year one, the council approves another one-year capital budget and extends the CIP, with revisions, for another year. Thus, year two of the previous CIP be- comes year one of the new six-year program, and the cycle begins anew.

Capital improvement programming offers several advantages. By scheduling ample time for construction or acquisitions, costly mistakes can be avoided, as is the case when streets have to be dug up repeatedly because they are not planned in relation to other facilities. Also, by working with a list of planned projects, sites can be purchased at lower cost, and by spacing out projects over several years, the city's tax and debt load can be stabilized, and balance can be maintained between debt service and current expenditures.

Financial Reporting

Financial reports prepared periodically throughout the fiscal year are an essential part of the control system necessary to permit the city council to determine whether funds are being expended in accordance with the budget and to identify discrepancies between anticipated and actual revenues. Financial reports fall into four general categories—internal budgetary reports, annual financial reports, annual audits, and local debt reports—each of which is briefly discussed next.

Internal Budgetary Reports

Internal budgetary reports are prepared on a monthly basis and are distributed to the city council and department heads. These reports illustrate the financial condition of the city as it unfolds from month to month and answer such questions as: are city services being provided as planned? are expenditures exceeding budgeted levels? is the cash inflow at the expected level? By determining the answers to these and related questions on a regular basis, the council can identify problem areas and initiate corrective actions accordingly.

Annual Financial Report

The annual financial report is compiled at the conclusion of the fiscal year and shows, item by item, budgeted versus actual revenues and expenditures, together with other information that describes the city's year-end financial condition. The financial report should be prepared by an independent certified public accountant appointed by the city council and made available to the department heads, the news media, and other interested parties.

Annual Audit

Sections 103.001-103.004 of the Local Government Code require each city to have an annual audit of its financial records and accounts. The audit can be performed either by a certified public accountant or a qualified city employee, and must be made available for public inspection no later than 180 days after the close of the city's fiscal year.

The audit involves examination of three aspects of the city's financial operations: (1) internal controls; (2) statements, records, and accounting transactions; and (3) compliance with statutory and budgetary requirements. Properly conducted, the audit provides a double check on the city's financial status, a method for communicating with the citizenry, and a bona fide statement of the city's financial condition, which will improve its ability to issue bonds.

Local Debt Report

Section 140.008 of the Local Government Code requires cities to annually compile and report various types of debt obligation information, including the amounts of principal and interest to pay outstanding debt obligations, the current credit rating given by any nationally recognized credit rating organization to debt obligations of the city, and any other information that the city considers relevant or necessary to explain the outstanding debt values. Subject to certain exceptions discussed below, the local debt report must be posted continuously on the city's website until the city posts the next year's report. The report must be made available to any person for inspection.

As an alternative to posting the report on the city's website, a city may provide all required debt information to the comptroller and have the comptroller post the information on the comptroller's official website. Further, a city with a population of less than 15,000 may provide the comptroller with its local debt report for inclusion on the comptroller's website. A city that already includes the required debt information in other reports that are posted to the city's website may provide a link to that information rather than replicating the data in the local debt report.

Investments

In 1995, the Texas Legislature enacted the Public Funds Investment Act, which requires the city council to adopt a written investment policy. A city may contract with an independent investment advisor to provide investment and management services. Typically, the city investment officer must attend one investment training session within 12 months of taking office and must attend eight

hours of training once every two years thereafter. The treasurer and the chief financial officer (if the treasurer is not the chief financial officer) must also attend ten hours of training every two years. The Texas Municipal League offers comprehensive public funds investment training.

Financial Warning Signals

In recent years, increasing attention has been given to monitoring the financial health of cities. Although most of the chronic financial problems of cities tend to slowly snowball over an extended period of time, they usually result from a standard set of problems, including: (1) a decline in revenues or tax base; (2) an eroding capital plant; (3) a faltering local or regional economy; (4) growing debt burden; (5) accumulation of unfunded pension liabilities; (6) a sudden loss of substantial federal funds; (7) an increase in spending pressures; and/or (8) ineffective financial management practices.

Chapter Seven: Ordinances and Resolutions

The city council takes official action by two primary means: resolutions and ordinances. Both play important roles in their own respective ways, and they share certain similarities. But there are distinctions between the two, and it is good to know the differences.

The distinction between an ordinance and a resolution is in subject matter, not terminology. An ordinance cannot be changed into a resolution merely by calling it a resolution, nor may the requirements for enacting an ordinance be bypassed by simply passing a resolution. A resolution generally states a position or policy of a city. An ordinance is more formal and authoritative than a resolution. An ordinance is a local law that usually regulates persons or property and usually relates to a matter of a general and permanent nature.

Passage of an ordinance generally involves three steps, the first of which is the introduction of the proposed ordinance at a council meeting.

Next, the city clerk or city attorney either reads the entire ordinance or reads just the caption of the ordinance and allows the person proposing it to provide an explanation.
There is no state law requiring that ordinances be read aloud in their entirety. In addition, there is no generally applicable state law that requires multiple readings of an ordinance. (Some home rule charters, however, do provide for more than one reading.) If the ordinance is short, the council may wish to have it read in full for the benefit of any citizens present. If the ordinance is long and

technical, the usual practice is to settle for a brief summary and general explanation of the purpose of the ordinance.

Third, the ordinance is debated by the council and either defeated, postponed, referred to a committee for further study, or approved. If the ordinance is approved, it is then signed by the mayor and attested to (certified) by the city secretary or city attorney.

Also, depending on city type and the subject matter of an ordinance, it may have to be published in a newspaper before taking effect.

Because of the relatively cumbersome procedures involved in enacting an ordinance, it is important to know when an ordinance is required and when less formal kinds of council action will suffice. Though there are no absolute standards that apply, these three rules of law may help:

1) Any council enactment that regulates persons or property and imposes a fine for violations must be in the form of an ordinance. This requirement is based on the principle that there must be a printed law and citizens must have some notice that it is in effect before they can be subjected to a fine.
2) An enactment must always be in the form of an ordinance if the state law authorizing the particular action requires an ordinance. Examples include the creation of a planning and zoning commission or setting the tax levy for the next fiscal year.
3) An ordinance is required to amend or repeal an existing ordinance.

Compatibility of Ordinances with State and Federal Laws

An ordinance, or portion thereof, is void if it conflicts with the United States Constitution, the Texas Constitution, or a federal or state law. Also, even though an ordinance might be valid at the time it was passed, if a law subsequently enacted by the state or federal legislature conflicts with the ordinance, the ordinance is void. Conversely, if an ordinance supplements and is in harmony with the law, the ordinance will be sustained.

An ordinance is invalid if a court determines that the state legislature intended to preempt the subject area addressed in the ordinance. If the legislature has preempted the field, no ordinance except those specifically authorized by statute may be enacted on the subject.

Examples of conflicts that have caused ordinances to be ruled invalid include:

1. an ordinance prescribing a different penalty from that imposed by state law where the ordinance and the law dealt with the same type of offense;
2. An ordinance restricting the hours of operation of liquor stores to fewer than those authorized under the state Alcoholic Beverage Code;
3. an ordinance legalizing an activity or business that was prohibited by state law; and
4. an ordinance in conflict with the Interstate Commerce Clause of the United States Constitution.

Validity of Ordinances

An ordinance that is arbitrary, oppressive, capricious, or fraudulent will be invalidated by the courts. A court can inquire into the validity of an ordinance by looking at whether the ordinance has a substantial relationship to the protection of the general health, safety, or welfare of the public. A court usually will not substitute its judgment for that of the city council; but if an ordinance is not in compliance with lawful requirements, the courts may overturn it. An ordinance is considered valid if no lawsuit has been filed to invalidate the ordinance on or before the third anniversary of the effective date of the ordinance, unless the ordinance was invalid on the day it was enacted or it was preempted.

Form of the Ordinance

State law does not prescribe the form of an ordinance, other than to require that it contain an ordaining clause (Section 52.002 of the Local Government Code) and to require the publication, or sometimes posting of either the complete text or caption of every ordinance that establishes penalties for violations (Sections 52.011-52.013 of the Local Government Code). But a form for ordinances has evolved by custom and is now used by most cities.

Although the actual drafting of an ordinance is best left to the city attorney, councilmembers should be familiar with the basic form. This includes:

1) The number of the ordinance. This information is good to have for indexing and ready reference.
2) The caption, which briefly describes the subject of the ordinance and the penalties provided for its violation. Although an ordinance is valid without a caption, this is a useful feature because it provides a simple way of determining what is included in the ordinance without reading the entire document. Also, if the ordinance does not have a caption, Section 52.011 of the Local Government Code requires that the ordinance be published in its entirety if it provides a penalty for violations. Conversely, a penal ordinance may be published by caption only if the caption states the penalty for violations.
3) A preamble, which is optional, may be included in cases in which the council wants the courts to understand the reasons the ordinance was passed, factual findings made by the council, or the legislative authority for the ordinance.
4) The ordaining clause, which is required by law, in most instances.
5) The body of the ordinance, which usually is broken down into sections according to subjects. This contains the command of law as ordained by the council.
6) The effective date of the ordinance which may, in some circumstances, be governed by state law or city charter (if adopted by a home rule city).
7) A severability clause which clarifies that the invalidity of some portions of the ordinance should not render the entire ordinance invalid.
8) The penalty clause, which fixes the penalty for violating the ordinance. Under state law, the maximum penalty the council may establish for violating an ordinance dealing with fire safety, zoning, or public health (except for dumping refuse) is a fine of $2,000 per day for each day the ordinance is violated. The maximum penalty the council may establish for violating an ordinance governing the dumping of refuse is $4,000 per day. For ordinances dealing with other violations, the maximum fine is $500 per day. Cities do not have the power to punish violators by sending them to jail.
9) The final part of the ordinance is a statement that the ordinance was passed

and approved, giving the date of passage, the signature of the mayor, and a space for the city clerk or secretary to sign and attest to the fact that the ordinance was adopted. Some cities also require the city attorney to approve the form of the ordinance. If required by state law or city charter, signatures must be present on the ordinance, or the ordinance may be declared void.

The following ordinance illustrates these eight components:

Ordinance No. 125

CAPTION
AN ORDINANCE OF THE CITY OF ANYWHERE, TEXAS, ESTABLISHING WATER CONSERVATION REQUIREMENTS AND PROVIDING A PENALTY FOR VIOLATIONS.

PREAMBLE
WHEREAS, because of the conditions prevailing in the City of Anywhere, the general welfare requires that the water resources available to the City be put to the maximum beneficial use and that the waste or unreasonable use be prevented; and
WHEREAS, lack of rain has resulted in a severe reduction in the available water supply to the City, and it is therefore deemed essential to the public welfare that the City Council adopt the water conservation plan hereafter set forth.

ORDAINING CLAUSE
NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANYWHERE, TEXAS:

BODY
SECTION 1. AUTHORIZATION.
The City Manager or his designee is hereby authorized and directed to implement the applicable provisions of this Ordinance upon his determination that such implementation is necessary to protect the public welfare and safety.

SECTION 2. APPLICATION.
The provisions of this Ordinance shall apply to all persons, customers, and property served with City of Anywhere water wherever situated. No customer of the City of Anywhere water system shall knowingly make, cause, use, or permit the use of water received from the City for residential, commercial, industrial, agricultural, governmental, or any other purpose in a manner contrary to any provision of this ordinance, or in an amount in excess of that use permitted by the conservation stage in effect pursuant to action taken by the City Manager or his designee in accordance with the provisions of this Ordinance.

SECTION 3. CONSERVATION REQUIREMENTS.
From May 1 to September 30 of each year and upon implementation by the City Manager and publication of notice, the following restrictions shall apply to all persons:
(a) Irrigation utilizing individual sprinklers or sprinkler systems of lawns, gardens, landscaped areas, trees, shrubs, and other plants is prohibited except on a designated day which shall be once every five days, and only then during the hours of 8:00 p.m. and 12:00 noon. Provided, however, irrigation of lawns, gardens, landscaped areas, trees, shrubs or other plants is permitted at any time if: (i) a hand-held hose is used: (ii) a hand-held, faucet filled bucket of five (5) gallons or less is used; or (iii) a drip irrigation system is used.
(b) The washing of automobiles, trucks, trailers, boats, airplanes and other types of mobile equipment, the refilling or adding of water to swimming and/or wading pools and the use of water for irrigation of golf greens and tees is prohibited except on designated irrigation days between the hours of 8:00 p.m. and 12:00 noon.
(c) The washing or sprinkling of foundations is prohibited except on designated irrigation days between the hours of 8:00 p.m. and 12:00 midnight.
(d) The following uses of water are defined as "waste of water" and are absolutely prohibited: (i) allowing water to run off into a gutter, ditch, or drain; (ii) failure to repair a controllable leak; and (iii) washing sidewalks, driveways, parking areas, tennis courts, patios, or other paved areas except to alleviate immediate fire hazards.

SECTION 4. EFFECTIVE DATE
This Ordinance shall become effective immediately upon its passage and publication as required by law.

SECTION 5. SEVERABILITY
This Ordinance shall be considered severable, and the invalidity or unconstitutionality of any section, clause, provision or portion of the Ordinance shall not affect the validity or constitutionality of any other section, clause, provision or portion of this Ordinance.

SECTION 6. PENALTY
Any person, corporation or association violating any provision of this Ordinance shall be deemed guilty of an offense, and upon conviction shall be punished by a fine not to exceed Five Hundred Dollars ($500.00). The violation thereof shall be deemed a separate offense, and shall be punished accordingly. Provided, however, compliance may be further sought through injunctive relief in the District Court.

CONCLUSION
PASSED AND APPROVED this____ day of _____, 20___

/s/_____
Mayor

ATTEST:
/s/_____
City Secretary/ Clerk

APPROVED AS TO FORM:
/s/_____
City Attorney

Chapter Eight: Conflicts of Interest

Mayors and councilmembers are expected to avoid involvements that put their personal interests at cross purposes with those of the public. In most cases, good judgment is enough to keep city officials within the bounds of propriety. There are, however, state laws governing the behavior of city officials.

At least three situations can impair the ability of mayors or councilmembers to properly perform their duties. All three involve conflicts of interest in which a member of the city council is placed in the position of owing loyalty to the interests of the city on one hand, and to some other interest on the other.

The first situation occurs when a member of council occupies two or more public offices at the same time. The second exists when the city council votes to take an action that will have a beneficial effect on a business or property in which a member of council or the member's close family member has a major interest. And the third exists in cases of nepotism, where hiring decisions are made on the basis of relationship. Each of these situations is described below.

Dual Office-Holding

Two or More Civil Offices

Mayors and councilmembers are prohibited from holding more than one public office at the same time if both are "offices of emolument." An emolument is a benefit that is received as compensation for services and includes salaries, fees of office, or other compensation—not including the re- imbursement of actual expenses.

Therefore, a mayor or councilmember who receives a salary, fees for attending council meetings, or any other emoluments from the city, may not simultaneously serve as a district judge, state senator or representative, county clerk, or in any other local or state office of emolument. The only exceptions to this prohibition are found in Article XVI of the Texas Constitution, which allows certain state officers and employees to hold municipal offices of emolument and permit a person holding an office of emolument to also serve as a justice of the peace, county commissioner, notary public, as an officer of a soil and water conservation district, or in other specific offices.

Incompatibility

Second, with respect to dual civil offices, mayors and councilmembers are prohibited from holding a second public office having duties and loyalties incompatible with those that must be performed as an officer of the city. This rule—which applies to all public offices, whether paid or unpaid—heeds the mandate that no person can serve two masters; full allegiance is required to one or the other.

The general rule regarding incompatible offices was reviewed in *Thomas v. Abernathy County Line I.S.D.*, in which the Texas Supreme Court held that the offices of city councilmember and school board member were incompatible because if the same person could be a school board member and a member of the city council at the same time, school policies, in many important respects, would be subject to direction of the council n instead of the school board.

The incompatibility doctrine also prohibits the council from appointing one of its own members to a public office (unless otherwise allowed by state law) or employing the member as a city employee. A mayor, for example, could not simultaneously serve as a police officer for the city.

Though it may be difficult at times to determine whether two offices or positions are incompatible, a misjudgment could be costly. The courts have held that when an individual who holds an office accepts and is sworn into a second office that conflicts with the first, the individual is deemed to have automatically resigned from the first office.

City Actions That Benefit Members of Council

City councils everywhere routinely make decisions on purchases, rezoning, utility extensions, road construction projects, and other matters that

benefit various private interests. Because of the broad scope of the council's powers, it is reasonable to expect that some of its decisions will directly or indirectly impact the individual members of the council making such decisions.

Anticipating that potential conflicts of interest will inevitably arise at the local level while acknowledging the practical impossibility of flatly prohibiting such conflicts, the Texas Legislature enacted at least three statutory schemes that require the public disclosure of conflicts between the public interest and a member of council's private interests (Chapters 171and 176of the Local Government Code and Chapter553 of the Government Code).

The purpose of Chapter 171 of the Local Government Code, the conflicts of interest statute, is to prevent members of council and other local officials from using their positions for hidden personal gain. The law requires the filing of an affidavit by any member of council whose private financial interests—or those of close relatives—would be affected by an action of the council. Whenever any contract, zoning decision, or other matter is pending before the council, each member of council must take the following steps:

(a) Examine the pending matter and determine whether the member or a related person has a substantial interest in the business or property where a decision of the city council on the matter would have a special economic effect on that business or property.

A member of council has a substantial interest in a business entity if:

1) the member or a close relative of the member owns 10 percent or more of the voting stock or shares or of the fair market value of the business entity or owns $15,000 or more of the fair market value of the business entity; or
2) funds received by the member or a close relative of the member from the business entity exceed 10 percent of the person's gross income for the previous year.

A member of council has a substantial interest in real property if the member's or a close relative of the member's interest is an equitable or legal ownership with a fair market value of $2,500 or more.

(b) If the answer to (a) is "yes," the member must file, before a vote or decision on any matter involving the business entity or real property, an affidavit disclosing the nature and extent of the interest in the matter if:

1) in the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The affidavit must be filed with the official record keeper of the city, who is usually the city secretary.

(c) In addition to filing the disclosure affidavit, the member of council must abstain from further participating in the discussion of the matter and abstain from voting on it. However, a member who is required to file an affidavit and does file the affidavit is not required to abstain in the matter in which he or she has an interest if a majority of the members of the city council are also required to file and do file affidavits on the same official action.

Nonetheless, the city council can vote to purchase goods or services from a business in which a member of the council has a substantial interest

if the member files a disclosure affidavit and then abstains from discussing and voting on the decision regarding the purchase.

Additionally, the city council must take a separate vote on any budget item specifically dedicated to a contract with an entity in which a member of the council has a substantial interest, and the affected member must abstain from that separate vote. The member who has complied in abstaining in such vote may vote on a final budget only after the matter in which there was an interest has been resolved.

An member of city council who knowingly violates Chapter 171 by failing to file an affidavit or abstaining from voting or participating in a matter in which the member has an interest commits a Class A misdemeanor which is punishable by confinement in jail for up to one year and a fine up to $4,000.

Chapter 176, a second conflicts disclosure statute, requires that mayors, councilmembers, and certain other executive city officers or agents file a "conflicts disclosure statement" with a city's records administrator within seven days of becoming aware of any of the following situations:

1. A city officer or the officer's family member has an employment or business relationship that results in taxable income of more than $2,500 with a person who has contracted with the city or with whom the city is considering doing business;
2. A city officer or the officer's family member receives and accepts one or more gifts with an aggregate value of $100 in the preceding 12 months from a person who conducts business or is being considered for business with the officer's city; or
3. A city officer has a family relationship with a person who conducts business or is being considered for business with the officer's city.

The chapter also requires a vendor who wishes to conduct business or be considered for business with a city to file a "conflict of interest questionnaire" if the vendor has a business relationship with the city and an employment or other relationship with an officer or officer's family member, gives a gift to either, or has a family relationship with a city officer.

An officer who knowingly fails to file the disclosure statement commits either a Class A, B, or C misdemeanor, depending on the amount of the contract.

A third conflicts disclosure statute, Chapter 553 of the Government Code, prevents members of council from using their positions for hidden personal gain related to the city's purchase or condemnation of property in which the member has a legal or equitable interest.

Whenever a city is deciding whether to purchase or condemn a piece of real property or tangible personal property, the individual officer should determine whether they have a legal or equitable interest in the property that is to be purchased or condemned. If the individual has a legal or equitable interest in the property, then the individual needs to file an affidavit within 10 days before the date on which the property is to be acquired by purchase or condemnation. The affidavit is filed with the county clerk of the county in which the official resides as well as the county clerk of each county in which the property is located.

The affidavit must include: (1) the name of the official; (2) the official's office, public title, or job designation; (3) a full description of the property; (4) a full description of the nature, type, and amount of interest in the property, including the percentage of ownership interest; (5) the date the official acquired an interest in the property; (6) the following verification: "I swear that the information in this affidavit is personally known by me to be correct and contains the information required by Section 553.002, Government Code;" and (7) an acknowledgement of the same type required for recording a deed in the deed records of the county.

A public official who violates the affidavit requirement after having notice of the purchase or condemnation commits a Class A misdemeanor, which is punishable by up to one year in jail and a fine up to $4,000.

Nepotism

"Nepotism" is the award of employment or appointment on the basis of kinship. The practice is contrary to sound public policy, which is why prohibitions against nepotism are common in all states, including Texas.

The Texas nepotism statute, Chapter 573 of the Government Code, forbids the city council from hiring any person who is related to a member of the council within the second degree by affinity or within the third degree by consanguinity. This prohibition does not apply to a city with a population of 200 or less, or to close relatives of a member who were continuously employed by the city for: (1) at least 30 days, if the member is appointed; or (2) at least six months, if the member is elected. When a individual is allowed to continue employment with the city because the individual has been continuously employed for the requisite period of time, the member of council who is related to the individual shall not participate in the deliberation or voting on employment matters concerning the individual if such action applies only to the particular individual and is not taken with respect to a class or category of employees.

The nepotism statute does not apply to unpaid positions.

Since "affinity" and "consanguinity" are the controlling factors in determining nepotism, both terms need to be clearly understood. Affinity is kinship by marriage, as between a husband and wife, or between the husband and the blood relatives of the wife (or vice versa).

Two persons are related to each other by affinity if they are married to each other or the spouse of one of the persons is related by consanguinity to the other person.

Relatives related within the first degree of affinity include a public official's spouse, father-in-law, mother-in-law, sons-in-law, daughters-in-law, stepsons, and stepdaughters.

Relatives related within the second degree of affinity include a public official's sisters-in-law (brother's spouse or spouse's sister), brothers-in-law (sister's spouse or spouse's brother), spouse's grandmothers, spouse's grandfathers, spouse's granddaughters, and spouse's grandsons.

Termination of a marriage by divorce or the death of a spouse terminates relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is treated as continuing to exist as long as a child of the marriage is living.

Consanguinity is kinship by blood, as between a mother and child or sister and brother.

Two persons are related to each other by consanguinity if one is a descendant of the other or if they share a common ancestor.

Purchasing

Section 2252.908 of the Government Code provides that, with certain exceptions: (1) a city is prohibited from entering into a contract with a business entity unless the business entity submits a disclosure of interested parties (i.e., discloses a person who has a controlling interest in the business or who actively participates in facilitating the contract for the business) if the contract: (a) requires an action or vote by the city council before the contract may be signed; (b) has a value of at least $1 million; or (c) is for services that would require a person to register as a lobbyist; (2) the disclosure must be on a form prescribed by the Texas Ethics Commission; and (3) a city must acknowledge receipt of the disclosure with the Texas Ethics Commission not later than 30 days after receiving the disclosure.

Chapter Nine: Personal Liability of Members of City Council

A legal concept known as "governmental immunity" protects cities from being sued or held liable for various torts (a tort is a wrongful act resulting in injury to a person or property) and causes of action. But there are some exceptions to this general rule. For example, Chapter 101 of the Texas Civil Practice and Remedies Code (also known as the Texas Tort Claims Act) provides that a city may be liable for damages arising from the use of publicly-owned vehicles, premises defects, and injuries arising from conditions or use of property. Thus, a city (as an entity) is sometimes liable for limited damages resulting from the actions of its city officials and employees.

But what about mayors and councilmembers? Mayors and councilmembers across the state daily make decisions that impact the lives and property of thousands of people. Can these city officials be held personally responsible for damages resulting from decisions they make (or refuse to make) in their official capacity as members of the city's governing body?

In most instances, mayors and councilmembers will not face personal liability. Like the city itself, mayors and councilmembers are often protected by different types of immunity, the purpose of which is to allow them to make decisions in the public interest with confidence and without fear. However, immunity is not available in all instances. For that reason, it is important for mayors and councilmembers to have a basic understanding of the areas in which they face potential liability.

Liability Under State Law

We start by examining a civil tort suit, a common instance in which the issue of the personal liability of a mayor or councilmember may arise. Generally speaking, Texas courts have held that mayors and councilmembers are not personally liable when a suit arises from the performance of discretionary acts that are taken in good faith and are within the scope of their authority. This type of protection is commonly referred to as official immunity. A "discretionary act" involves personal judgment. The decision about where to place a traffic sign is one example of a discretionary act. An action taken in good faith is one that is taken without intent to do harm. Thus, councilmembers should ensure that discretionary actions are taken in good faith and pursuant to their authority as authorized by relevant state law, ordinances, or policies.

Generally speaking, mayors and councilmembers may be held personally liable for torts that arise from ministerial acts. A "ministerial act" is one performed as a matter of duty; an act which a mayor or councilmember must perform. Ministerial acts also include those performed in obedience to state law or federal laws which are so plain and explicit that nothing is left to discretion or judgment. For example, canvassing the results of a city election is a ministerial and non-discretionary duty. Failure to perform a ministerial act imperils a mayor or councilmember regardless of whether is the failure to act is done in good faith. A ministerial act required by law, but that is not performed at all, could also lead to liability. In sum, a mayor or councilmember could potentially be individually liable for damages to individuals injured because of the failure to properly perform a ministerial duty or negligently failing to perform the duty at all. Personal liability of most city officials is capped at $100,000 for actions brought in state court under the Texas Tort Claims Act.

Additionally, until recently, a mayor or councilmember could not be held personally liable for sexual harassment. In 2021, the Texas Legislature adopted Senate Bill 45, which expanded the definition of "employer" to include "any person who acts directly in the interests of an employer in relation to an employee." Under this new definition, it is possible that elected officials may be subject to individual liability for sexual harassment if they: (1) know or should have known that the conduct constituting sexual harassment was occurring; and (2) fail to take immediate and appropriate corrective action.

In addition to personal civil liability, a mayor or councilmember fulfilling his or her duties for the city may be subject to criminal liability as the result of a violation of certain state laws. Some of the most common state laws under which a mayor or councilmember may face criminal liability include

the Open Meetings Act, the Public Information Act, conflicts of interest and financial disclosure laws, purchasing laws, and nepotism laws. In addition, prohibitions found in the Texas Penal Code may be implicated as a result of serving as a mayor or councilmember, including laws dealing with bribery, gifts, honorariums, falsification of government documents, the misuse of information, abuse of official capacity, official oppression, forgery, and theft.

Finally, as an elected official, mayors and councilmembers may face both civil and criminal liability for failure to comply with certain state laws, such as those governing political contributions, political advertising, and campaign contributions.

Liability Under Federal Law

A mayor or councilmember may also face personal liability for violations of a person's rights under federal law. This usually occurs: (1) as the result of claims alleging violations of constitutional rights; or (2) in an employment context (e.g., a claim brought under the Fair Labor Standards Act or the Family Medical Leave Act).

The law customarily used to take action against city officials for violations of constitutional rights or violations of federal law is Section 1983, Title 42, of the United States Code, which provides:

> *Every person who, under color any statute, ordinance, regulation, custom, or usage, of any State . . . .subjects, or causes to be subjected, any citizen of the United states or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured . . . .*

Various types of policy decisions related to both city employees and members of the public could render a mayor or councilmember liable under Section 1983. However, city officials are usually protected by qualified immunity. Similar to the official immunity defense under state law (described above), a mayor or councilmember may be protected by qualified immunity when sued under federal law. To be covered by qualified immunity, the official must show that the action taken: (1) was discretionary; (2) was within the official's authority to take; and (3) did not violate any clearly established statutory or constitutional right of which a reasonable person would have known.

It is rare that a mayor or councilmember is held personally liable under federal law for the decisions he or she makes as a member of the governing body. Even so, city officials should make sure that they have a reasonable basis for decisions made, and that applicable state and federal law is reviewed before those decisions are made, especially when those decisions impact specific individuals.

In sum, because liability questions are notoriously fact-sensitive, councilmembers and mayors should always seek the advice of the city attorney for any specific liability question.

Chapter Ten: Sources of Information

There is no comprehensive guide to everything there is to know about Texas cities, but there are many sources of information that can be helpful. Several are listed below.

Local Sources

Depending on the amount of time available, information on the finances, services, and other aspects of the city can be obtained by:

1. Reading the city's code of ordinances;
2. Reviewing the minutes of council meetings held during the past several months;
3. Studying the current budget, the previous year's financial report, and other key financial documents;
4. Visiting the various city departments to learn how the city conducts its day-to-day operations; and
5. Conferring with past and present members of the council, the local newspaper editor, civic leaders, and others who have followed the city's affairs over the years.

Texas Municipal League

The Texas Municipal League is an association of cities that exists for one reason: to serve city officials. TML offers members of the city council and other city officials a broad range of services – including training seminars and conferences, technical assistance, legal information, and many other services. The League office welcomes all inquiries from its member officials, no matter how ordinary or unusual. The League is also willing to assist members of the press in understanding cities.

National Resources

American Planning Association, 205 N. Michigan Ave., Suite 1200, Chicago, IL 60601, 312-431-9100 (phone), 312-786-6700 (fax), www.planning.org . Major publications: *Planning*, *Journal of the APA*, and *Zoning Practice*. The APA also publishes a number of guides to zoning, subdivision development, and other aspects of municipal planning.

American Public Works Association, 1200 Main Street, Suite 1400, Kansas City, Missouri 64105-2100, 816-472-6100. www.apwa.net
Monthly publication: *APWA Reporter*. APWA also publishes several public works-related manuals.

American Society for Public Administration, 1730 Rhode Island Ave. NW, Suite 500, Washington, D.C. 20036, 202-393-7878. Bi-Monthly publication: *Public Administration Review* features articles for councilmembers interested in municipal administrative and organizational processes and theory. *Public Integrity*, published bimonthly, addresses ethical issues affecting government and society. ASPA's quarterly newspaper, *PA TIMES*, covers developments in the academic and professional field of public administration. www.aspanet.org

Government Finance Officers Association, 203 N. LaSalle St., Suite 2700, Chicago, Illinois 60601-1210, 312-977-9700. Major publications include the weekly *GFOA Newsletter* and bimonthly *Government Finance Review*. GFOA also publishes a wealth of excellent operating manuals on the topics of budgeting, debt management, financial forecasting, and related items. www.gfoa.org

International Association of Chiefs of Police, 44 Canal Center Plaza, Suite 200, Alexandria, Virginia 22314, 703-836-6767. Major Publication: monthly *Police Chiefs Magazine*. www.theiacp.org

International Association of Fire Chiefs, 4795 Meadow Wood Lane, Suite 100, Chantilly, Virginia 20151, 703-273-0911. Major publication: *On Scene* newsletter. www.iafc.org

International City/County Management Association (ICMA), 777 North Capitol St. N.E., Suite 500, Washington, D.C. 20002-4201, 202-962-3680. Major publication: *Public Management.* Other publications: *LGR: Local Government Review* (biannual); *SmartBrief* (daily newsletter); and *Leadership Matters* (weekly newsletter). ICMA also publishes a series of manuals on different aspects of city government. www.icma.org

International Institute of Municipal Clerks, 8331 Utica Ave., Suite 200, Rancho Cucamonga, California 91730, 909-944-4162. Major Publications: *IIMC News Digest*, *Consent Agendas*, *IIMC Meeting Administration Handbook*, and *Language of Local Government*. IIMC provides training and information to city clerks and city secretaries. www. iimc.com

International Municipal Lawyers Association, 51 Monroe Street, Suite 404, Rockville, MD 20850 202-466-5424. Bimonthly publication: *Municipal Lawyer*. IMLA also publishes a variety of documents of special interest to city attorneys. www.imla.org

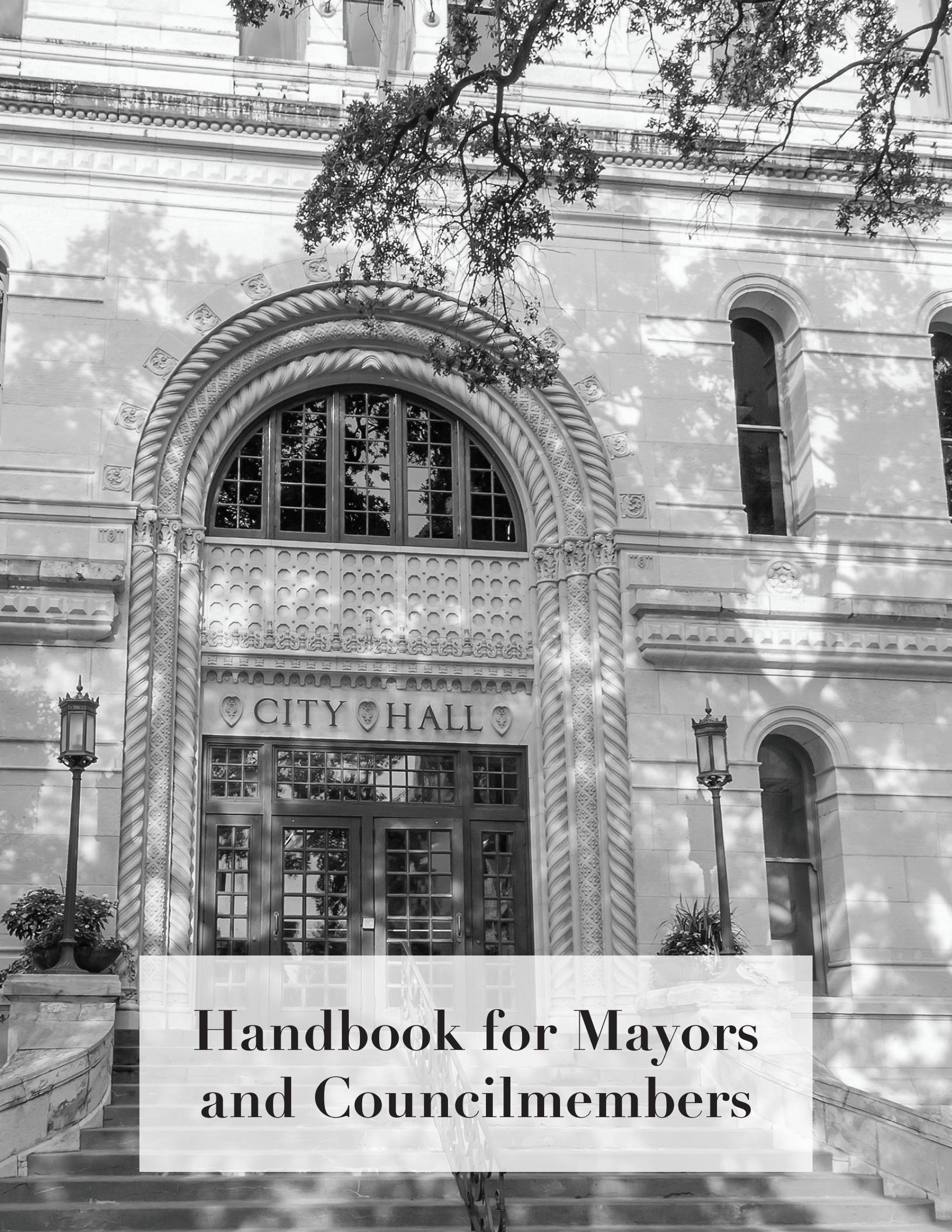
International Public Management Association for Human Resources, 1617 Duke St., Alexandria, Virginia 22314, 703-549-7100. Major publications: *Public Personnel Management*, *HR News*, and *HR Bulletin*. IPMA-HR is a source of excellent information on productivity, employee performance appraisal, and other aspects of municipal personnel administration. www.ipma-hr.org

National Association of Towns and Townships, 1901 Pennsylvania Avenue, NW, Suite 700, Washington, D.C., 20006, 202-331-8500. Major Publication: *Weekly Updates*. NATaT offers technical assistance, educational services, and public policy support to local government officials from small communities. www.natat.org

National Civic League, 190 E. 9th Ave, Suite 200, Denver, Colorado 80203, 303-571-4343. Major Publication: *National Civic Review*. NCL serves as a resource for information on citizen participation in state and local government and provides guides, model charters, and laws on specific subjects. NCL also sponsors the All-America City Award. www.ncl.org

National League of Cities, 660 North Capitol St. NW, Washington, D.C. 20001, 1-877-827-2385. Major Publication: *Cities Speak Blog*. Additionally, the organization conducts two national conventions of city officials, the first of which focuses on city-related federal programs, while the second emphasizes methods of improving municipal operations. www.nlc.org

U.S. Conference of Mayors, 1620 I Street N.W., Washington, D.C. 20006, 202-293-7330. USCM provides current information on federal policy developments of interest to cities over the population of 30,000. www.usmayors.org



Handbook for Mayors and Councilmembers