

## **BILL ANALYSIS**

C.S.H.B. 24  
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State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Ethics Commission has recommended revisions to the Election Code relating to political contributions and expenditures. C.S.H.B. 24 seeks to adopt these revisions.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill expressly does one or more of the following: creates a criminal offense, increases the punishment for an existing criminal offense or category of offenses, or changes the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.B. 24 amends the Election Code to increase from \$500 to \$3,000 the caps on both the total amount of political contributions that a committee may knowingly accept and the total amount of political expenditures that such a committee may make or authorize at a time when a campaign treasurer appointment for the committee is not in effect. The bill makes the caps applicable to the calendar year when such appointment is not in effect and specifies that a committee subject to those caps is a general-purpose committee rather than a political committee. The bill sets lesser caps of \$1,000 on both the political contributions knowingly accepted and the political expenditures made or authorized by a specific-purpose committee in a calendar year at a time when a campaign treasurer appointment for the committee is not in effect.

C.S.H.B. 24, in a requirement for each candidate or officeholder to keep campaign and officeholder contributions in one or more accounts separate from any other account the person maintains, specifies that it is a requirement to deposit all of those contributions in one or more such accounts and sets a deadline for such deposits of not later than the fifth day after the date the candidate or officeholder accepts a contribution. The bill exempts a candidate or officeholder who does not accept political contributions that in the aggregate exceed \$3,000 in a calendar year from the requirement to deposit those contributions in a separate account. The bill requires a candidate or officeholder, once the \$3,000 threshold is exceeded, to comply with the requirement for separate deposit accounts until all of the contributions are expended.

C.S.H.B. 24 establishes similar requirements for a political committee to deposit all of the committee's political contributions in one or more accounts that are separate from any other account maintained by the political committee, with the same deadline for deposit with respect to the date the committee accepts the contribution and the same dollar threshold for exemption from or requirement to comply with the requirement for separate deposit accounts that apply to candidates and officeholders. The bill makes it a Class B misdemeanor for a person to violate

these provisions.

C.S.H.B. 24 extends from two years to four years the retention period for a candidate's or officeholder's records of all reportable activity, including records of all political contributions, political expenditures, or other activity required to be reported to the Texas Ethics Commission, and specifies that this extension of the record retention period applies to any record that contains information necessary for filing such a report for which the filing deadline was on or after September 1, 2013.

C.S.H.B. 24 increases from \$50 to \$100 the minimum threshold on aggregated amounts of certain political contributions, loans, or expenditures accepted by or made to or by a person, committee, legislative caucus, or candidate for judicial office, as applicable, during a reporting period that subjects such contributions, loans, and expenditures to the political reporting requirements imposed on such a person, committee, caucus, or candidate, or a general-purpose committee's campaign treasurer, as applicable, regarding such contributions and loans.

C.S.H.B. 24 authorizes a report filed with an authority other than the commission to be filed electronically by using computer software developed by the commission, if the software has the capability of being used for filing reports with other entities and the authority with whom the report is required to be filed has adopted rules and procedures to provide for the filing of the report using the software. The bill prohibits an authority other than the commission with whom a report is required to be filed from requiring that a report filed by means of electronic transfer, including by the use of computer software developed by the commission, be accompanied by a notarized affidavit containing a statement that the report is true, correct, and complete with regard to the report's required content, provided that the report is filed in accordance with the rules and procedures adopted by the authority.

C.S.H.B. 24 requires an out-of-state political committee that is required to notify a candidate or officeholder of the fact that it accepts political contributions or makes political expenditures for such candidate or officeholder to designate an officer of the committee to provide that notice. The bill applies political reporting provisions relating to a direct campaign expenditure exceeding \$100 to an out-of-state political committee that does not file a campaign treasurer appointment. The bill repeals the prohibition against a general-purpose committee knowingly making or authorizing a political contribution or expenditure unless the committee has filed its campaign treasurer appointment not later than the 60th day before the date the contribution or expenditure is made and accepted political contributions from at least 10 persons.

C.S.H.B. 24 repeals Sections 253.037(a) and (c), Election Code.

### **EFFECTIVE DATE**

September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 24 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 251.005(d), Election Code, is amended.	SECTION 1. Same as introduced version.

SECTION 2. Section 253.031, Election Code, is amended.

SECTION 2. Same as introduced version.

SECTION 3. The heading to Section 253.037, Election Code, is amended.

SECTION 3. Same as introduced version.

SECTION 4. Section 253.040, Election Code, is amended.

SECTION 4. Same as introduced version.

SECTION 5. Subchapter B, Chapter 253, Election Code, is amended.

SECTION 5. Same as introduced version.

SECTION 6. Subchapter D, Chapter 253, Election Code, is amended by adding Section 253.105 to read as follows:

No equivalent provision.

Sec. 253.105. CONTRIBUTIONS TO DIRECT EXPENDITURE ONLY COMMITTEES. A corporation or labor organization may make a political contribution from its own property to a political committee that:

- (1) makes direct campaign expenditures;
- (2) does not make or intend to make political contributions; and
- (3) has filed an affidavit with the commission stating the committee's intention to operate as described by Subdivisions (1) and (2).

SECTION 7. Section 254.001(d), Election Code, is amended.

SECTION 6. Same as introduced version.

SECTION 8. Section 254.031(a), Election Code, is amended.

SECTION 7. Same as introduced version.

SECTION 9. Section 254.0311(b), Election Code, is amended.

SECTION 8. Same as introduced version.

SECTION 10. Section 254.036, Election Code, is amended.

SECTION 9. Same as introduced version.

SECTION 11. Section 254.0611(a), Election Code, is amended.

SECTION 10. Same as introduced version.

SECTION 12. Section 254.151, Election Code, is amended.

SECTION 11. Same as introduced version.

SECTION 13. Section 254.161, Election Code, is amended.

SECTION 12. Same as introduced version.

SECTION 14. Section 254.261, Election Code, is amended.

SECTION 13. Same as introduced version.

SECTION 15. Sections 253.037(a) and (c), Election Code, are repealed.

SECTION 14. Same as introduced version.

SECTION 16. The amendment by this Act of Section 254.001(d), Election Code, applies to any record that contains information necessary for filing a report under Chapter 254, Election Code, for which the filing deadline was on or after September 1, 2013.

SECTION 15. Same as introduced version.

SECTION 17. Sections 254.031(a), 254.0311(b), 254.0611(a), and 254.151, Election Code, as amended by this Act, apply only to a report under Chapter 254, Election Code, that is required to be filed on or after the effective date of this Act. A report under Chapter 254, Election Code, that is required to be filed before the effective date of this Act is governed by the law in effect on the date the report is required to be filed, and the former law is continued in effect for that purpose.

SECTION 16. Same as introduced version.

SECTION 18. This Act takes effect September 1, 2015.

SECTION 17. Same as introduced version.