

SUBJECT: Applicability of corporate political contribution and spending restrictions

COMMITTEE: Elections — favorable, without amendment

VOTE: 7 ayes — Berman, Bohac, England, Anchia, Burnam, Farias, C. Howard
0 nays

WITNESSES: For — None
Against — None
On — Natalia Luna Ashley, Texas Ethics Commission

BACKGROUND: Election Code, ch. 253 restricts contributions and expenditures for candidates, officeholders, political committees, individuals, corporations, and labor organizations. Corporations are restricted from making direct campaign expenditures or political contributions that are not specifically authorized.

Sec. 253.091 stipulates that corporate restrictions apply to corporations organized under the Texas Business Corporations Act, the Texas Non-Profit Corporations Act, federal law, or law of another state or nation.

In 2003, the 78th Legislature enacted HB 1156 by Giddings to adopt the Texas Business Organizations Code, which incorporates statutes and other provisions of Texas law governing private entities and business organization. It took effect January 1, 2006.

DIGEST: HB 2492 would amend Election Code, sec. 253.091 to include among the entities subject to the corporate contribution restrictions corporations that are organized under the Texas For-Profit Corporation Law and the Texas Nonprofit Corporation Law.

The bill would take effect September 1, 2007.

SUPPORTERS SAY: HB 2492 would update the Election Code to conform with provisions in the Business Organizations Code that took effect last year. The Business

Organizations Code essentially rearranged the statutes relating to how businesses organize in Texas. It codified many business statutes, including the Texas Business Corporation Act, the Texas Non-Profit Corporation Act, and many others. The Election Code's regulation of corporate expenditures and contributions clearly needs to be updated to reflect all the forms of Texas corporate entities and to ensure that the Texas prohibition against campaign contributions from corporations remains strong and clear.

The bill would not make substantive changes, but simply is a clean-up bill requested by the Texas Ethics Commission to update the Election Code with regard to corporations, partnerships, limited liability companies, and other domestic filing entities that were formed after the Business Corporations Act was enacted.

OPPONENTS
SAY:

No apparent opposition.