

SUBJECT: Corporate and labor union contributions and reporting

COMMITTEE: Elections — favorable, without amendment

VOTE: 9 ayes — L. Taylor, Hernandez Luna, Berman, Branch, Burkett, Farias,
Isaac, P. King, Veasey

0 nays

WITNESSES: For — None

Against — (*Registered, but did not testify*: Rosemary Edwards)

On — Natalia Ashley, Texas Ethics Commission

BACKGROUND: In *Citizens United v. Federal Election Commission* 130 S.Ct. 876 (2010), the U.S. Supreme Court ruled that a federal law restricting corporate independent expenditures was unconstitutional. In April 2010, the Texas Ethics Commission issued Ethics Advisory Opinion No. 489, in which it determined that the commission could not enforce provisions in Texas election law that prohibit a corporation or labor organization from making a direct campaign expenditure or enforce the prohibition against any other person making a direct campaign expenditure.

In its report to the 82nd Legislature, the Ethics Commission recommended that election law be amended to specifically require the disclosure of direct campaign expenditures that were prohibited before *Citizens United*. The commission determined that a corporation, labor organization, or other person that makes such expenditures must comply with the disclosure requirements.

DIGEST: HB 2359 would remove the prohibition against corporations and labor organizations making certain political expenditures.

The bill would establish provisions related to reporting by certain persons making direct campaign expenditures. It would specify reporting requirements for certain individuals who make direct campaign expenditures exceeding \$100. Specifically, the bill would require a person not acting in concert with another person who made direct campaign

expenditures exceeding \$100 to file reports as if they were the campaign treasurer of a general purpose committee. A person would not be required to file a report under this provision if the person was required to disclose the expenditure in another report required by current law. This provision would not require a general-purpose committee that filed under the monthly reporting schedule to file reports under the requirement for additional reports of a committee involved in an election.

A person would not be required to file a campaign treasurer appointment for making expenditures for which reporting is required under this provision, unless the person was otherwise required to file a campaign treasurer appointment under current law.

A direct campaign expenditure consisting of personal travel expenses incurred by an individual could be made without complying with the reporting requirements.

HB 2359 would strike the requirement that a candidate's campaign finance report contain the full name and address of each campaign treasurer of a political committee that contributed to the candidate.

The bill also would repeal sections of current law relating to prohibitions against making direct campaign expenditures, certain direct campaign expenditures by corporations or labor organizations, certain direct expenditures by individuals, and the form of reporting by individuals making direct campaign expenditures.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.