

- SUBJECT:** Requiring out-of-state political committees to report activity
- COMMITTEE:** General Investigating and Ethics — favorable, without amendment
- VOTE:** 7 ayes — S. Davis, Moody, Capriglione, Nevárez, Price, Shine, Turner
0 nays
- WITNESSES:** For — Dave Jones, Clean Elections Texas; (*Registered, but did not testify:* JC Dufresne, Common Cause Texas; Joanne Richards, Common Ground for Texans; Carol Birch, Public Citizen Texas; Craig McDonald, Texans for Public Justice; and Lon Burnam)

Against — (*Registered, but did not testify:* Chris Sacia)

On — Ian Steusloff, Texas Ethics Commission; Tony McDonald
- BACKGROUND:** Election Code, sec. 251.001 defines an out-of-state political committee as one that makes political expenditures outside Texas and, in the 12 months before making a political expenditure in Texas, makes 80 percent or more of its total political expenditures in any combination of elections outside Texas and federal offices not voted on in Texas.
- A general-purpose committee is defined as one that has among its principal purposes:
- to support or oppose two or more candidates who are unidentified or seeking unknown offices;
 - to support or oppose one or more unidentified measures; or
 - to assist two or more unidentified officeholders.
- Election Code, sec. 254.161 requires a general-purpose committee other than certain committees affiliated with a political party to give notice of its political contributions or political expenditures on behalf of a candidate or officeholder to the affected candidate or officeholder.

Under sec. 254.261, a person acting alone who makes direct campaign expenditures in an election exceeding \$100 from the person's own property is subject to the same requirements as the campaign treasurer of a general-purpose committee to report expenditures to the Texas Ethics Commission.

DIGEST: HB 1379 would require out-of-state political committees that do not file a campaign treasurer appointment to comply with certain requirements applicable to general-purpose political committees. These out-of-state political committees would have to comply with reporting requirements for direct campaign expenditures exceeding \$100 under Election Code, sec. 254.261. An out-of-state political committee would have to designate an officer of the committee to notify candidates or officeholders on whose behalf the out-of-state committee had accepted political contributions or made political expenditures.

This bill would take effect September 1, 2017.

SUPPORTERS SAY: HB 1379 would enhance election transparency by requiring certain out-of-state political committees to notify candidates of political expenditures it made on their behalf. For instance, an out-of-state committee would have to notify a candidate when it ran advertisements independent of the candidate's campaign that explicitly supported or benefited that candidate.

This would align notification requirements for out-of-state political committees that have not appointed a campaign treasurer with out-of-state committees that have appointed a campaign treasurer and with general-purpose political committees. It is appropriate to apply the same standards to each type of political committee.

While some have expressed concerns about the kinds of expenditures out-of-state political committees would have to report to the Texas Ethics Commission, commission staff should be able to clarify when certain expenditures need to be reported. Spending by an out-of-state political committee in opposition to a candidate may not constitute a reportable campaign expenditure.

OPPONENTS
SAY:

HB 1379's requirement that an out-of-state political committee notify a candidate of expenditures it made directly on the candidate's behalf is unnecessary because these expenditures likely were not coordinated with the candidate and the candidate may not approve of them.

In addition, the Texas Ethics Commission's reporting requirement could be difficult for political committees to interpret. For instance, questions could arise as to whether a committee's spending on advertising that opposed a particular candidate was actually a direct campaign expenditure for another candidate that would have to be reported.