

BILL ANALYSIS

Senate Research Center
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S.B. 423
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current Texas law places no limits on the amount that individuals are authorized to contribute to political campaigns. Many other states and the federal government do impose such limits. The federal government, for instance, maintains a \$101,400 limit on the aggregate amount an individual is authorized to donate to federal candidates, political action committees, and political parties.

In the 2004 election cycle, 87 individuals or couples donated more than \$100,000 each to state candidates and political action committees. Many Texas citizens worry that such contributions provide those donors with disproportionate political power.

As proposed, S.B. 423 limits the aggregate amount of political contributions by an individual to \$100,000 per two-year election cycle.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Authorizes this Act to be cited as the "Clean Elections Act."

SECTION 2. Amends Chapter 253, Election Code, by adding Subchapter G, as follows:

SUBCHAPTER G. AGGREGATE LIMIT ON CONTRIBUTIONS BY INDIVIDUAL, PARTNERSHIP, PARTNER, OR LIMITED LIABILITY COMPANY

Sec. 253.201. **APPLICABILITY OF SUBCHAPTER.** Provides that this Act applies to certain political contributions and direct campaign expenditures.

Sec. 253.202. **DEFINITION.** Defines "election cycle."

Sec. 253.203. **CONTRIBUTION LIMITS.** (a) Prohibits an individual from knowingly making or authorizing political contributions (contributions) to which this subchapter applies that exceed \$100,000 in the aggregate in a single election cycle.

(b) Prohibits an minor under 18 years of age from knowingly making or authorizing contributions to which this subchapter applies that exceed \$5,000 in the aggregate in a single election cycle, notwithstanding Subsection (a).

(c) Prohibits a candidate, officeholder, or political committee (recipient) from knowingly accepting contributions that the recipient knows are in violation of Subsections (a) or (b). Requires a recipient to return such a contribution to the individual who made it no later than 10 days after the recipient has determined that it violates Subsections (a) or (b).

(d) Prohibits a person from knowingly aiding or abetting contributions in violation of Subsections (a) or (b).

(e) Provides that a violation of this section is a third degree felony offense.

Sec. 253.204. RECEIPT OF CONTRIBUTION INTENDED FOR ANOTHER. Provides that a contribution, for the purposes of the previous section, is considered to be a contribution to a recipient if the contributor in any way indicates to the person receiving the contribution that it is intended for the recipient. Sets forth the required actions of a person who receives a contribution as defined above.

Sec. 253.205. CONTRIBUTIONS BY PARTNERSHIPS, PARTNERS, AND LIMITED LIABILITY COMPANIES. (a) Prohibits a general or limited partnership from knowingly making or authorizing contributions to which this subchapter applies that exceed \$100,000 in the aggregate in a single election cycle.

(b) Requires a contribution by a general or limited partnership to be attributed to the partnership and to each partner for the purposes of the aggregate limit prescribed by Section 253.203. Sets forth the criteria to determine the amount attributed to each partner.

(c) Prohibits any portion of a political contribution from being made from the profits of a partner that is a corporation to which Subchapter D (regarding contributions by corporations and labor organizations) applies.

(d) Provides that a contribution by a limited liability company that elects to be treated as a partnership by the Internal Revenue Service (IRS) or that does not elect to be treated as a partnership or corporation is considered to be a contribution subject to Subsections (a) and (b).

(e) Provides that a contribution by a limited liability company that elects to be treated as a corporation by the IRS is considered to be a contribution to which Subchapter D applies.

Sec. 253.206. CERTAIN DIRECT CAMPAIGN EXPENDITURES CONSIDERED CONTRIBUTION TO CANDIDATE. Provides that a direct campaign expenditure is considered to be a contribution to a candidate if it is made with the cooperation, prior consent of, in consultation with, or the suggestion of the candidate, a specific-purpose committee for supporting the candidate or opposing the candidate's opponent, or a person acting with the candidate's knowledge and consent.

Sec. 253.207. REVIEW OF CONTRIBUTIONS BY COMMISSION. Requires the Texas Ethics Commission, by March 1st of each odd-number year, to conduct a comprehensive computer review of its records of contributions made by individuals during the previous election cycle to determine if any individual exceeded the limit prescribed by Section 253.203 and to make the results of the review available to the public.

SECTION 3. Amends Section 254.034, Election Code, by adding Subsection (f), to provide that this section (requiring that a determination to accept or refuse a political contribution be made during the reporting period) applies to a political contribution covered by Subchapter G, Chapter 253, except as provided by Section 253.203.

SECTION 4. Makes application of Subchapter G, Chapter 253, Education Code, as added by this Act, prospective.

SECTION 5. Effective date: September 1, 2007.