
DIGEST: SB 346 would have created political contribution reporting requirements for a person or group of persons that:

- did not meet the definition of a political committee;
- accepted political contributions; and
- made one or more political expenditures, with certain exceptions, that exceeded \$25,000 during a calendar year.

The bill would not have applied to labor organizations or their subordinate entities.

Under the bill, a person or group would have been considered to have accepted political contributions if its members or donors made payments, including dues, that the members or donors had a reason to know at the time could have been used or commingled with other funds used to make political contributions or political expenditures.

A person or group of persons would not have been required to file a report if they were required to disclose the expenditures or contributions in another report under Election Code, Title 15 within the same time frame, or if no reportable activity occurred during the reporting period.

Itemization of contributions required under the existing reporting provisions would have been required only if the contribution exceeded \$1,000 during the reporting period.

The first report required to be filed in a calendar year in which the \$25,000 threshold was exceeded would have had to include all political contributions accepted and all political expenditures made in that year.

**GOVERNOR'S
REASON FOR
VETO:**

“Freedom of association and freedom of speech are two of our most important rights enshrined in the Constitution. My fear is that Senate Bill 346 would have a chilling effect on both of those rights in our democratic political process. While regulation is necessary in the administration of Texas political finance laws, no regulation is tolerable that puts anyone’s participation at risk or that can be used by any government, organization or individual to intimidate those who choose to participate in our process through financial means.

“At a time when our federal government is assaulting the rights of Americans by using the tools of government to squelch dissent it is unconscionable to expose more Texans to the risk of such harassment, regardless of political, organizational or party affiliation.”

RESPONSE: **Sen. Kel Seliger**, the bill’s author, said: “This is a sad day for integrity and transparency in Texas. Gov. Perry’s veto of SB 346 legalizes money laundering in Texas elections. The governor’s veto is ironic since money laundering is illegal in other endeavors. As other states have stepped forward to ban election money laundering by dark money 501c4 non-profit corporations, it is embarrassing that the Lone Star State is now an official safe haven for political money launderers. Again, the 2010 Supreme Court decision in the *Citizens United v. FEC* case clearly stated that disclosure of contributions was critical to the right of corporations to participate in our system of democracy. The court said: ‘The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and gives proper weight to different speakers and messages.’”

Rep. Charlie Geren, the House sponsor, said: “Texas law requires transparency in the political process as it pertains to political campaign disclosure of their donors, requiring political action committees to file reports with the Ethics Commission, and requiring lobbyists to register whom they represent. A number of groups use an exception in the Election Code (form as a nonprofit organization) to avoid compliance with these requirements. SB 346 was filed to remove the loophole provided by this exception, thereby increasing transparency in the political process.

“SB 346 required nonprofit groups that spend \$25,000 or more in political expenditures to disclose to the public their expenditures and donors who contribute more than \$1,000. In the famous 2010 case of *Citizens United v. FEC*, the U.S. Supreme Court made it clear that disclosure of money in politics furthers important First Amendment values and is a necessary component of our electoral process. I look forward to working with the governor in the future to expand transparency in our political system.”

NOTES: The HRO analysis of [SB 346](#) appeared in the May 13 *Daily Floor Report*.