

Amend CSHB 3 as follows:

(1) On page 26, line 3, between "PRIVILEGES." and "The", insert "(a)".

(2) On page 26, line 8, strike "or".

(3) On page 26, line 12, between "tax" and the period, insert the following:

"; or

(3) is convicted of an offense or is assessed a civil penalty exceeding \$1,000 under Subchapter D, Chapter 253, Election Code".

(4) On page 26, between lines 12 and 13, insert the following:

"(b) The provisions of this subchapter relating to the revival of corporate privileges do not apply to a corporation whose corporate privileges are revoked under Subsection (a) (3)."

(5) Add the following appropriately numbered Article to the bill and renumber subsequent Articles and Sections of the bill accordingly:

ARTICLE ____ . POLITICAL CONTRIBUTIONS AND EXPENDITURES BY
CORPORATIONS AND CERTAIN OTHER ENTITIES

SECTION 1. Section 251.001, Election Code, is amended by amending Subdivisions (2) and (8) and adding Subdivisions (21)-(27) to read as follows:

(2) "Contribution" means a direct or indirect transfer of money, goods, services, or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a transfer. The term:

(A) includes:

(i) a loan or extension of credit, other than those expressly excluded by this subdivision;

(ii) [~~and~~] a guarantee of a loan or extension of credit, including a loan described by Subparagraph (i); or

(iii) a coordinated expenditure; and

(B) [~~this subdivision. The term~~] does not include:

(i) [~~(A)~~] a loan made in the due course of business by a corporation that is legally engaged in the business of lending money and that has conducted the business continuously for more than one year before the loan is made; or

(ii) [~~(B)~~] an expenditure required to be reported under Section 305.006 (b), Government Code.

(8) "Direct campaign expenditure" means an [~~a campaign~~] expenditure by a person for a communication that is express advocacy or an electioneering communication and that is not a coordinated expenditure with a candidate, officeholder, political committee, or agent of a candidate, officeholder, or political committee [~~that does not constitute a campaign contribution by the person making the expenditure~~].

(21) "Restricted class" means the group of individuals who:

(A) for a corporation, are the stockholders, employees, and families of the stockholders and employees of the corporation or the corporation's subsidiaries, branches, divisions, affiliates, or departments; or

(B) for a labor organization, are the members, employees, and families of the members and employees of the labor organization.

(22) "Coordinated expenditure" means an expenditure described by Section 251.010.

(23) "Electioneering communication" means a communication that:

(A) is disseminated by a broadcast, cable, or satellite communication, a mass mailing, or a telephone bank;

(B) refers to a clearly identified candidate;

(C) is publicly distributed:

(i) on or after the 60th day before the general, special, or runoff election in which the clearly identified candidate seeks election; or

(ii) on or after the 30th day before the primary election in which the clearly identified candidate seeks election;

(D) is targeted to the clearly identified

candidate's relevant electorate; and

(E) is not:

(i) a public communication that refers to a clearly identified candidate appearing in a news story, commentary, editorial, or work intended for entertainment distributed through the facilities of a bona fide broadcasting station, newspaper, magazine, or other publication, unless such facilities are owned or controlled by a political party, political committee, or candidate; or

(ii) a communication to the restricted class of the person making the communication.

(24) A communication is "targeted to the clearly identified candidate's relevant electorate" if it can be received by at least the lesser of 50,000 people or two percent of those eligible to vote for the candidate, as specified by the secretary of state. Notwithstanding this subdivision, a communication is not "targeted to the clearly identified candidate's relevant electorate" if it can only be received by fewer than 500 people.

(25) "Mass mailing" means the mailing or facsimile transmission of more than 500 identical or substantially similar documents within a 30-day period.

(26) A communication is made by a "telephone bank" if more than 500 telephone calls with an identical or substantially similar message are made within a 30-day period.

(27) "Express advocacy" means a communication that refers to a clearly identified candidate and that expressly advocates for or against the candidate, regardless of the words contained in the communication. The term "express advocacy" does not include:

(A) a communication that refers to a clearly identified candidate appearing in a news story, commentary, editorial, or work intended for entertainment distributed through the facilities of a bona fide broadcasting station, newspaper, magazine, or other publication, unless such facilities are owned or controlled by a political party, political committee, or candidate; or

(B) a communication to the restricted class of

the person making the communication.

SECTION __.02. Subchapter A, Chapter 251, Election Code, is amended by adding Section 251.010 to read as follows:

Sec. 251.010. COORDINATED EXPENDITURES. (a) An expenditure is coordinated with a candidate, officeholder, or political committee if the expenditure is made:

(1) in cooperation, consultation, or concert with, at the request or suggestion of, or under an understanding with the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(2) wholly or partly for the production, dissemination, distribution, or publication of political advertising or a campaign communication prepared by the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(3) by a person based on information that the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee provides to the person about a candidate's, officeholder's, or committee's plans, projects, or needs to the person making the expenditure with the intent that the expenditure be made;

(4) by a person who, in the same semi-annual reporting period as that in which the expenditure is made, is serving or has served in an executive or policymaking position as a member, employee, fund-raiser, or agent of the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(5) by a person who retains the professional advisory or consulting services of another person who has provided or is providing campaign-related services in the same semi-annual reporting period as that in which the expenditure is made to the candidate or officeholder, including services relating to the candidate's or officeholder's decision to seek the office;

(6) for fund-raising activities with or for the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee, or for the solicitation or receipt of political contributions on behalf of the

candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee; or

(7) for a communication that clearly identifies a candidate if the person making the expenditure informs the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee about the communication's contents, intended audience, timing, location, mode, or frequency of dissemination, and the candidate, officeholder, committee, or agent approves the communication.

(b) An expenditure is coordinated with a political party if the expenditure is made in cooperation, consultation, or concert with, at the request or suggestion of, or under an understanding with the political party or an agent acting on behalf of the party.

SECTION ____ .03. The changes in law made by this article apply only to a contribution or expenditure made on or after September 1, 2005. A contribution or expenditure made before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION ____ .04. This Article takes effect September 1, 2005.