

BILL ANALYSIS

C.S.H.B. 2735
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Elections
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current lobby law contains a number of restrictions on expenditures by a lobbyist and, in some instances, sets annual dollar limits on those expenditures. For example, a lobbyist may provide one or more gifts to a state officer up to a maximum aggregate of expenditure total of \$500 per officer during a calendar year. The issue that often arises is whether the expenditure may be split between multiple lobbyists for purposes of the expenditure limits. The Texas Ethic Commission staff's longstanding interpretation has been that the entire amount of an expenditure is attributed to each lobbyist and that therefore, an expenditure cannot be split for purposes of the expenditure limits. Pursuant to a TEC opinion, because double reporting should be avoided, only one lobbyist reports the expenditure and that lobbyist reports the entire amount. Additionally, if the amount of the expenditure exceeds the expenditure limit, each lobbyist would exceed the expenditure limit whether or not their own share exceeded the limit.

Other issues that arise with joint expenditures are those of the involvement of non-lobbyists with lobbyists. Currently registered lobbyists are subject to restrictions under the lobby law and are privy to certain exceptions under the penal code; however a non-lobbyist is not subject to restrictions in the lobby law and therefore should not be privy to the same exceptions, as a registered lobbyist, to the Penal Code. If a non-lobbyist would like the same benefits as a registered lobbyist then they should register as a lobbyist.

Also, names and expenditures of registered lobbyists are disclosed to the public, however the names (and not always the expenditures) of non-lobbyists are not disclosed. Not knowing the sources and/or the amounts of large gifts can create impressions of impropriety and feelings of mistrust towards elected officials in the public eye. By limiting the involvement of non-lobbyists, the public would be able to have full disclosure on large gifts over \$500 and would ease any feelings of mistrust and dissolve any appearances of impropriety the public may have had towards elected officials.

C.S.H.B. 2735 seeks to clarify this apparent paradox in the Government Code by allowing for joint expenditures by lobbyist, spelling out specifically what is attributable to a registered lobbyist and what is not, it would ensure that non registrants remain subject to restrictions in the Penal Code and would limit the involvement non-lobbyist would have in joint expenditures.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2735 amends the Registration of Lobbyist Chapter of the Government Code by clarifying the reporting requirements of joint expenditures between registrants. The bill states that if a registrant and a person on the registrant's behalf joins with another person to make a joint expenditure, then the amount of the joint expenditure reported by the registrant includes only ay portion contributed by the registrant and any portion made on behalf of the registrant and that is not otherwise reported under the Registration of Lobbyist Chapter.

In order to coincide with the current laws of the Penal Code the Act states that the amount of a joint expenditure that is attributed by a person who is not a registrant is not an expenditure that can be made and reported in accordance with this chapter.

In spite of the restrictions on expenditures, C.S.H.B. 2735 allows the total value of a joint expenditure for entertainment, gifts, or for an award or memento to an individual as defined in this chapter to exceed \$500 if each portion of the expenditure is made by a registrant and does not exceed \$500.

The change in law made by this Act applies only to the reporting of an expenditure made on or after September 1, 2007, and only to an offense committed on or after September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Committee Substitute House Bill 2735 merely adds language to the original Act to ensure that non-registrants remain subject to the Penal Code requirements already in place and limits the involvement that non-registrants have in joint expenditures over \$500.