

By: Smith of Tarrant

H.B. No. 1328

A BILL TO BE ENTITLED

1 AN ACT

2 relating to political contributions and expenditures; providing a
3 criminal penalty.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 251.001, Election Code, is amended by
6 adding Subdivisions (21), (22), and (23) to read as follows:

7 (21) "Connected organization" means a corporation,
8 labor organization, or membership organization, other than a
9 political committee, that establishes or administers a separate
10 segregated fund.

11 (22) "Establishment or administration expense" means
12 an expenditure incurred in the normal course of business by an
13 organization, regardless of whether the organization engages in
14 political activity. An expenditure is an establishment or
15 administration expense if the expenditure:

16 (A) is for:

17 (i) office space;

18 (ii) phones;

19 (iii) salaries for routine clerical and
20 administrative assistance;

21 (iv) utilities;

22 (v) general office supplies;

23 (vi) legal and accounting fees for the
24 organization's compliance with this title;

1 (vii) office equipment;
2 (viii) routine administrative expenses
3 incurred in setting up and administering a separate segregated
4 fund;

5 (ix) management and supervision of the
6 separate segregated fund, including expenses incurred in
7 determining endorsements or to whom the fund will contribute;

8 (x) expenses incurred in delivering a
9 contribution; or

10 (xi) administrative expenditures
11 permissible under federal election law and opinions; and

12 (B) is not for political activity, including:

13 (i) political consulting, other than for
14 determining endorsements;

15 (ii) telephone banks to communicate with
16 voters;

17 (iii) electioneering brochures and direct
18 mail;

19 (iv) partisan voter registration and
20 get-out-the-vote drives;

21 (v) issue advertising or electioneering
22 communications;

23 (vi) political fund-raising; and

24 (vii) voter identification, lists, or
25 databases.

26 (23) "Separate segregated fund" means a fund
27 established under Section 253.1001.

1 SECTION 2. Subchapter D, Chapter 253, Election Code, is
2 amended by adding Sections 253.1001, 253.1002, and 253.1003 to read
3 as follows:

4 Sec. 253.1001. EXPENDITURES FOR SEPARATE SEGREGATED FUND.

5 (a) A corporation, labor organization, or membership organization,
6 other than a political committee, may serve as a connected
7 organization and make political expenditures from its own treasury
8 funds and property to finance the establishment or administration
9 expenses of its own separate segregated fund.

10 (b) For purposes of this section, all parents,
11 subsidiaries, branches, divisions, and affiliates of a corporation
12 or membership organization count as a single entity.

13 (c) A corporation or labor organization may make a political
14 expenditure from its own treasury funds or property for
15 establishment or administration expenses of one membership
16 organization of which it is a member.

17 (d) Money in a separate segregated fund from corporate,
18 labor organization, or membership organization treasury funds
19 shall be kept in a separate account and may not be commingled with
20 any other funds. A person who knowingly violates this subsection
21 commits an offense. An offense under this subsection is a Class A
22 misdemeanor.

23 (e) A separate segregated fund shall be treated as a
24 general-purpose committee and shall comply with the provisions of
25 this title and all other laws applicable to a general-purpose
26 committee as if the separate segregated fund were a general-purpose
27 committee.

1 Sec. 253.1002. SOLICITATION FOR SEPARATE SEGREGATED FUNDS.

2 (a) Subject to Subsection (c), a connected organization may make a
3 political expenditure from its own treasury funds for expenses to
4 solicit or facilitate political contributions from its restricted
5 class for the organization's separate segregated fund.

6 (b) A connected organization may facilitate a political
7 contribution from its restricted class under Subsection (a) by
8 enabling a contribution to be made by a payroll deduction, checking
9 a form to indicate a contribution is authorized, instituting a
10 periodic payment plan, or enclosing a return envelope in a
11 solicitation request. A connected organization may solicit a
12 voluntary political contribution from its restricted class under
13 Subsection (a) by mailings, oral requests, pamphlets, and other
14 means.

15 (c) A corporation or labor organization may not make more
16 than two written solicitations for contributions to the separate
17 segregated fund in a calendar year to employees who are not
18 stockholders, executive or administrative personnel, or the
19 families of stockholders or executive or administrative personnel.

20 Sec. 253.1003. RULES. (a) The commission shall adopt rules
21 to implement Sections 253.1001 and 253.1002. The rules must
22 include rules defining "membership organization," "member,"
23 "restricted class," "solicitation," and other terms as necessary,
24 consistent with federal law.

25 (b) The commission shall revise as necessary rules adopted
26 under this section.

27 SECTION 3. Section 253.100, Election Code, is repealed.

1 SECTION 4. The Texas Ethics Commission shall adopt rules as
2 required by Section 253.1003, Election Code, as added by this Act,
3 not later than the effective date of this Act.

4 SECTION 5. The changes in law made by this Act apply only to
5 a contribution or expenditure made on or after September 1, 2007. A
6 contribution or expenditure made before September 1, 2007, is
7 governed by the law in effect immediately before that date, and the
8 former law is continued in effect for that purpose.

9 SECTION 6. This Act takes effect September 1, 2007.