

By: Hinojosa

S.B. No. 83

A BILL TO BE ENTITLED

1 AN ACT

2 relating to political contributions and expenditures; providing
3 civil and criminal penalties.

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

5 SECTION 1. Section 251.001, Election Code, is amended by
6 amending Subdivisions (2) and (8) and adding Subdivisions (21)-(28)
7 to read as follows:

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

12 (A) includes:

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

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

18 (iii) a coordinated expenditure; or

19 (iv) the provision of in-kind professional
20 political services, including legal advice, polling, media
21 consulting, direct mailing, and fund-raising to a candidate,
22 officeholder, political party, or political committee; and

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

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

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

7 (8) "Direct campaign expenditure" means:

8 (A) a campaign expenditure made in connection
9 with a campaign on a measure that does not constitute a campaign
10 contribution by the person making the expenditure; or

11 (B) an expenditure made in connection with a
12 campaign for an elective office by a person for a communication that
13 is express candidate advocacy or an electioneering communication
14 and that is not a coordinated expenditure with a candidate,
15 officeholder, or political committee or an agent of a candidate,
16 officeholder, or political committee.

17 (21) "Membership organization" means a trade
18 association, cooperative, or corporation without capital stock
19 that:

20 (A) is composed of members, some or all of whom
21 are vested with the authority to operate or administer the
22 organization according to the organization's articles, bylaws,
23 constitution, or other formal organizational documents;

24 (B) expressly states the qualifications and
25 requirements for membership in its articles, bylaws, constitution,
26 or other formal organizational documents;

27 (C) makes its articles, bylaws, constitution, or

1 other formal organizational documents available to its members upon
2 request;

3 (D) solicits persons to become members;

4 (E) expressly acknowledges the acceptance of
5 membership by sending a membership card, including the member's
6 name on a membership newsletter list, or using another means; and

7 (F) is not organized primarily for the purpose of
8 influencing the election or nomination for election of an
9 individual to public office.

10 (22) "Member" means a person who:

11 (A) satisfies the requirements for membership in
12 a membership organization;

13 (B) affirmatively accepts the membership
14 organization's invitation to become a member;

15 (C) has a significant financial attachment to,
16 including a significant investment or ownership interest in, the
17 membership organization or pays membership dues, other than
18 payments to a separate segregated fund, at least annually to the
19 organization;

20 (D) has a significant organizational attachment
21 to the membership organization that includes affirmation of
22 membership on at least an annual basis; and

23 (E) has an opportunity to participate in any part
24 of the organization's decision-making.

25 (23) "Connected organization" means a corporation,
26 labor organization, or membership organization, other than a
27 political committee, that directly or indirectly establishes or

1 administers a separate segregated fund.

2 (24) "Restricted class" means the group of individuals
3 who:

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

8 (B) for a labor organization, are the members,
9 employees, and families of the members and employees of the labor
10 organization; or

11 (C) for a membership organization:

12 (i) are the members, employees, and
13 families of employees of the organization; or

14 (ii) with respect to a solicitation for a
15 campaign contribution, are the stockholders, employees, and
16 families of stockholders and employees of a corporate member of a
17 membership organization that separately and specifically approves
18 the solicitation and does not approve a solicitation by any other
19 membership organization for the same calendar year.

20 (25) "Separate segregated fund" means a fund
21 established under Section 253.1001.

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

24 (27) "Electioneering communication" means a
25 communication described by Section 251.011.

26 (28) "Express candidate advocacy" means a
27 communication that refers to a clearly identified candidate and

1 that expressly advocates for or against the candidate, regardless
2 of the words contained in the communication. The term does not
3 include:

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

11 (B) a communication to the restricted class of
12 the person making the communication.

13 SECTION 2. Subchapter A, Chapter 251, Election Code, is
14 amended by adding Sections 251.010 and 251.011 to read as follows:

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

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

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

27 (3) by a person based on information that the

1 candidate, officeholder, or political committee or an agent acting
2 on behalf of the candidate, officeholder, or committee provides to
3 the person about a candidate's, officeholder's, or committee's
4 plans, projects, or needs to the person making the expenditure with
5 the intent that the expenditure be made;

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

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

18 (6) for fund-raising activities with or for the
19 candidate, officeholder, or political committee or an agent acting
20 on behalf of the candidate, officeholder, or committee, or for the
21 solicitation or receipt of political contributions on behalf of the
22 candidate, officeholder, or political committee or an agent acting
23 on behalf of the candidate, officeholder, or committee; or

24 (7) for a communication that clearly identifies a
25 candidate if the person making the expenditure informs the
26 candidate, officeholder, or political committee or an agent acting
27 on behalf of the candidate, officeholder, or committee about the

1 communication's contents, intended audience, timing, location,
2 mode, or frequency of dissemination, and the candidate,
3 officeholder, committee, or agent approves the communication.

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

8 Sec. 251.011. ELECTIONEERING COMMUNICATIONS. (a) In this
9 section:

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

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

16 (b) A communication is made for purposes of electioneering
17 if the communication:

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

20 (2) refers to a clearly identified candidate;

21 (3) is publicly distributed:

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

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

27 (4) is targeted to the clearly identified candidate's

1 relevant electorate; and

2 (5) is not:

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

10 (B) a communication to the restricted class of
11 the person making the communication.

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

19 SECTION 3. Section 253.002(a), Election Code, is amended to
20 read as follows:

21 (a) A person may not knowingly make, ~~or~~ authorize, or aid
22 the making of a direct campaign expenditure.

23 SECTION 4. Section 253.061, Election Code, is amended to
24 read as follows:

25 Sec. 253.061. DIRECT EXPENDITURE OF \$1,000 [~~\$100~~] OR LESS.
26 Except as otherwise provided by law, an individual not acting in
27 concert with another person may make one or more direct campaign

1 expenditures in an election from the individual's own property if:

2 (1) the total expenditures on any one or more
3 candidates or measures do not exceed \$1,000 [~~\$100~~]; and

4 (2) the individual receives no reimbursement for the
5 expenditures.

6 SECTION 5. The heading to Section 253.062, Election Code,
7 is amended to read as follows:

8 Sec. 253.062. DIRECT EXPENDITURE EXCEEDING \$1,000 [~~\$100~~].

9 SECTION 6. Section 253.062(a), Election Code, is amended to
10 read as follows:

11 (a) Except as otherwise provided by law, an individual not
12 acting in concert with another person may make one or more direct
13 campaign expenditures in an election from the individual's own
14 property that exceed \$1,000 [~~\$100~~] on any one or more candidates or
15 measures if:

16 (1) the individual complies with Chapter 254 as if the
17 individual were a campaign treasurer of a political committee; and

18 (2) the individual receives no reimbursement for the
19 expenditures.

20 SECTION 7. The heading to Subchapter D, Chapter 253,
21 Election Code, is amended to read as follows:

22 SUBCHAPTER D. CORPORATIONS, [AND] LABOR ORGANIZATIONS, [
23 AND MEMBERSHIP ORGANIZATIONS

24 SECTION 8. Section 253.091, Election Code, is amended to
25 read as follows:

26 Sec. 253.091. CORPORATIONS COVERED. This subchapter
27 applies only to:

1 (1) corporations that are organized under the Texas
2 Business Corporation Act, the Texas For-Profit Corporation Law, the
3 Texas Non-Profit Corporation Act, the Texas Nonprofit Corporation
4 Law, federal law, or law of another state or nation; and

5 (2) an entity with a parent, subsidiary, division, or
6 affiliate described by Subdivision (1).

7 SECTION 9. Section 253.095, Election Code, is amended to
8 read as follows:

9 Sec. 253.095. PUNISHMENT OF AGENT. An officer, director,
10 representative, or other agent of or a person who aids a corporation
11 or labor organization who commits an offense under this subchapter
12 is punishable for the grade of offense applicable to the
13 corporation or labor organization.

14 SECTION 10. The heading to Section 253.098, Election Code,
15 is amended to read as follows:

16 Sec. 253.098. COMMUNICATION WITH RESTRICTED CLASS
17 [~~STOCKHOLDERS OR MEMBERS~~].

18 SECTION 11. Section 253.098(a), Election Code, is amended
19 to read as follows:

20 (a) A corporation, ~~[or]~~ labor organization, or membership
21 organization may make one or more direct campaign expenditures from
22 its own property for the purpose of communicating directly with its
23 restricted class [~~stockholders or members, as applicable, or with~~
24 ~~the families of its stockholders or members~~].

25 SECTION 12. Section 253.099(a), Election Code, is amended
26 to read as follows:

27 (a) A corporation, ~~[or]~~ labor organization, or membership

1 organization may make one or more expenditures from its own
2 property to finance nonpartisan voter registration and
3 get-out-the-vote campaigns aimed at its restricted class
4 [~~stockholders or members, as applicable, or at the families of its~~
5 ~~stockholders or members~~].

6 SECTION 13. Subchapter D, Chapter 253, Election Code, is
7 amended by adding Sections 253.1001 and 253.1002 to read as
8 follows:

9 Sec. 253.1001. EXPENDITURES FOR SEPARATE SEGREGATED FUND.

10 (a) A corporation, labor organization, or membership organization,
11 other than a political committee, may make political expenditures
12 from its own treasury funds and property to finance the
13 establishment or administration expenses of not more than one
14 separate segregated fund.

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

18 (c) A corporation or labor organization may make a political
19 expenditure from its own treasury funds or property for
20 establishment or administration expenses of one membership
21 organization of which it is a member.

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

1 (e) A separate segregated fund shall be treated as a
2 general-purpose committee and shall comply with the provisions of
3 this title applicable to a general-purpose committee as if the
4 separate segregated fund were a general-purpose committee.

5 (f) An expenditure is an establishment or administration
6 expense if the expenditure is incurred in the normal course of
7 business by an organization, regardless of whether the organization
8 engages in political activity. An expenditure is considered an
9 establishment or administration expense if the expenditure:

10 (1) is for:

11 (A) office space;

12 (B) telephones;

13 (C) salaries for routine clerical and
14 administrative assistance;

15 (D) utilities;

16 (E) general office supplies;

17 (F) legal and accounting fees for the
18 organization's compliance with this title;

19 (G) office equipment; or

20 (H) routine administrative expenses incurred in
21 setting up and administering a separate segregated fund; and

22 (2) is not for political activity, including:

23 (A) political consulting;

24 (B) telephone banks, as defined by Section
25 251.011;

26 (C) issue advocacy;

27 (D) electioneering brochures and direct mail;

1 (E) voter registration and get-out-the-vote
2 drives;

3 (F) broadcast issue advertising or
4 electioneering communications;

5 (G) other political advertising;

6 (H) political fund-raising;

7 (I) voter identification, lists, or databases;
8 or

9 (J) any other expenditure directly or indirectly
10 connected with an election or campaign for public office.

11 Sec. 253.1002. SOLICITATION FOR SEPARATE SEGREGATED FUNDS.

12 (a) In this section, "executive or administrative personnel" means
13 individuals employed by a corporation, labor organization, or
14 membership organization who are paid on a salary or commission
15 basis and who have policymaking, managerial, professional, or
16 supervisory responsibilities. The term includes officers,
17 executives, managers of a plant, division, or section of the
18 corporation or organization, lawyers, and engineers. The term does
19 not include professionals who are represented by a labor
20 organization, salaried foremen or supervisors having direct
21 supervision over hourly employees, former or retired personnel who
22 are not stockholders, or individuals who are not employees for the
23 purpose of income withholding tax on employee wages under the
24 Internal Revenue Code.

25 (b) Subject to Subsection (d), a connected organization may
26 make a political expenditure from its own treasury funds for
27 expenses to solicit or facilitate political contributions from its

1 restricted class for the organization's separate segregated fund.

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

11 (d) A corporation or labor organization may not make more
12 than two written solicitations for contributions to the separate
13 segregated fund in a calendar year to employees who are not
14 stockholders, executive or administrative personnel, or the
15 families of stockholders or executive or administrative personnel.

16 SECTION 14. The heading to Section 253.101, Election Code,
17 is amended to read as follows:

18 Sec. 253.101. UNLAWFUL CONTRIBUTION OR EXPENDITURE [~~BY~~
19 ~~COMMITTEE~~].

20 SECTION 15. Section 253.101, Election Code, is amended by
21 amending Subsection (a) and adding Subsections (a-1) and (a-2) to
22 read as follows:

23 (a) A person, including a connected [~~political committee~~
24 ~~assisted by a corporation or labor~~] organization, [~~under Section~~
25 ~~253.100~~] may not make a political contribution or political
26 expenditure in whole or part from money that is known by the person
27 or a member or officer of the person [~~political committee~~] to be

1 dues, fees, or other money required as a condition of employment or
2 promotion or condition of membership in a labor organization.

3 (a-1) A person, including a connected organization, may not
4 use the establishment, administration, and solicitation process as
5 a means of exchanging treasury money for voluntary contributions.

6 (a-2) A person, including a connected organization, may
7 not, through a bonus, expense account, or another form of direct or
8 indirect compensation or reimbursement, pay another person for
9 making a political contribution.

10 SECTION 16. Sections 253.102(a) and (b), Election Code, are
11 amended to read as follows:

12 (a) An employee's, stockholder's, or labor organization
13 member's contribution must be voluntary. A corporation, ~~[or]~~ labor
14 organization, membership organization, or other person ~~[or a~~
15 ~~political committee assisted by a corporation or labor organization~~
16 ~~under Section 253.100]~~ commits an offense if the person ~~[it]~~ uses or
17 threatens to use physical force, job discrimination, or financial
18 reprisal or gain against an employee or labor organization member
19 to obtain money or any other thing of value to benefit a candidate,
20 officeholder, political committee, or separate segregated fund or
21 to be used to influence the result of an election or to assist an
22 officeholder.

23 (b) A political committee assisted by a corporation or labor
24 organization ~~[under Section 253.100]~~ commits an offense if the
25 political committee ~~[it]~~ accepts or uses money or any other thing of
26 value that is known by a member or officer of the political
27 committee to have been obtained in violation of Subsection (a).

1 SECTION 17. Section 253.104(b), Election Code, is amended
2 to read as follows:

3 (b) A corporation or labor organization may not knowingly
4 make a contribution authorized by Subsection (a) during a period
5 beginning on the 60th day before the date of a general election for
6 state and county officers or a primary election and continuing
7 through the day of the election.

8 SECTION 18. Section 254.031(a), Election Code, is amended
9 to read as follows:

10 (a) Except as otherwise provided by this chapter, each
11 report filed under this chapter must include:

12 (1) the amount of political contributions from each
13 person that in the aggregate equal or exceed \$100 [~~\$50~~] and that are
14 accepted during the reporting period by the person or committee
15 required to file a report under this chapter, the full name and
16 address of the person making the contributions, and the dates of the
17 contributions;

18 (2) the amount of loans that are made during the
19 reporting period for campaign or officeholder purposes to the
20 person or committee required to file the report and that in the
21 aggregate equal or exceed \$100 [~~\$50~~], the dates the loans are made,
22 the interest rate, the maturity date, the type of collateral for the
23 loans, if any, the full name and address of the person or financial
24 institution making the loans, the full name and address, principal
25 occupation, and name of the employer of each guarantor of the loans,
26 the amount of the loans guaranteed by each guarantor, and the
27 aggregate principal amount of all outstanding loans as of the last

1 day of the reporting period;

2 (3) the amount of political expenditures that in the
3 aggregate equal or exceed \$100 [~~\$50~~] and that are made during the
4 reporting period, the full name and address of the persons to whom
5 the expenditures are made, and the dates and purposes of the
6 expenditures;

7 (4) the amount of each payment made during the
8 reporting period from a political contribution if the payment is
9 not a political expenditure, the full name and address of the person
10 to whom the payment is made, and the date and purpose of the
11 payment;

12 (5) the total amount or a specific listing of the
13 political contributions of [~~\$50 or~~] less than \$100 accepted and the
14 total amount or a specific listing of the political expenditures of
15 [~~\$50 or~~] less than \$100 made during the reporting period;

16 (6) the total amount of all political contributions
17 accepted and the total amount of all political expenditures made
18 during the reporting period;

19 (7) the name of each candidate or officeholder who
20 benefits from a direct campaign expenditure made during the
21 reporting period by the person or committee required to file the
22 report, and the office sought or held, excluding a direct campaign
23 expenditure that is made by the principal political committee of a
24 political party on behalf of a slate of two or more nominees of that
25 party; and

26 (8) as of the last day of a reporting period for which
27 the person is required to file a report, the total amount of

1 political contributions accepted, including interest or other
2 income on those contributions, maintained in one or more accounts
3 in which political contributions are deposited as of the last day of
4 the reporting period.

5 SECTION 19. Section 254.151, Election Code, is amended to
6 read as follows:

7 Sec. 254.151. ADDITIONAL CONTENTS OF REPORTS. In addition
8 to the contents required by Section 254.031, each report by a
9 campaign treasurer of a general-purpose committee must include:

- 10 (1) the committee's full name and address;
- 11 (2) the full name, residence or business street
12 address, and telephone number of the committee's campaign
13 treasurer;
- 14 (3) the identity and date of the election for which the
15 report is filed, if applicable;
- 16 (4) the name of each identified candidate or measure
17 or classification by party of candidates supported or opposed by
18 the committee, indicating whether the committee supports or opposes
19 each listed candidate, measure, or classification by party of
20 candidates;
- 21 (5) the name of each identified officeholder or
22 classification by party of officeholders assisted by the committee;
- 23 (6) the principal occupation of each person from whom
24 political contributions that in the aggregate equal or exceed \$100
25 [~~\$50~~] are accepted during the reporting period;
- 26 (7) the amount of each political expenditure in the
27 form of a political contribution made to a candidate, an

1 officeholder, or another political committee that is returned to
2 the committee during the reporting period, the name of the person to
3 whom the expenditure was originally made, and the date it is
4 returned;

5 (8) on a separate page or pages of the report, the
6 identification of any contribution from a corporation or labor
7 organization made and accepted under Subchapter D, Chapter 253; and

8 (9) on a separate page or pages of the report, the
9 identification of the name of the donor, the amount, and the date of
10 any expenditure made by a corporation or labor organization to:

11 (A) establish or administer the political
12 committee; or

13 (B) finance the solicitation of political
14 contributions to the committee [~~under Section 253.100~~].

15 SECTION 20. Subchapter F, Chapter 254, Election Code, is
16 amended by adding Section 254.1511 to read as follows:

17 Sec. 254.1511. REPORTING OF EXPENDITURES BY SEPARATE
18 SEGREGATED FUND. A separate segregated fund shall report
19 expenditures made under Sections 253.098, 253.099, 253.1001, and
20 253.1002 on a separate schedule.

21 SECTION 21. Section 254.156, Election Code, is amended to
22 read as follows:

23 Sec. 254.156. CONTENTS OF MONTHLY REPORTS. Each monthly
24 report filed under this subchapter must comply with Sections
25 254.031 and 254.151 except that the maximum amount of a political
26 contribution, expenditure, or loan that is not required to be
27 individually reported is[+]

1 ~~[(1) \$10 in the aggregate, or~~
2 ~~[(2)] \$20 in the aggregate [for a contribution~~
3 ~~accepted by a general-purpose committee to which Section 254.1541~~
4 ~~applies].~~

5 SECTION 22. Section 257.001, Election Code, is amended to
6 read as follows:

7 Sec. 257.001. PRINCIPAL POLITICAL COMMITTEE OF POLITICAL
8 PARTY. The state or county executive committee of a political party
9 may designate not more than one [a] general-purpose committee as
10 the principal political committee for that party in the state or
11 county, as applicable.

12 SECTION 23. Section 257.002, Election Code, is amended to
13 read as follows:

14 Sec. 257.002. REQUIREMENTS RELATING TO CORPORATE OR LABOR
15 UNION CONTRIBUTIONS. (a) A political party that accepts a
16 contribution authorized by Section 253.104 may use the contribution
17 only [to]:

18 (1) for its own establishment or administration
19 expenses [~~defray normal overhead and administrative or operating~~
20 ~~costs incurred by the party]; [or]~~

21 (2) to administer a primary election;

22 (3) for the establishment or administration expenses
23 of a [or] convention held by the party; or

24 (4) for expenses related to redistricting.

25 (b) A political party that accepts contributions authorized
26 by Section 253.104 shall maintain the contributions in a separate
27 account and shall pay all expenditures authorized by Subsection (a)

1 owed to a third-party vendor or contractor directly from the
2 separate account. A political party may not transfer a
3 contribution authorized by Section 253.104 to a political committee
4 or another entity directly or indirectly under the party's
5 direction or control.

6 (c) In this section, "establishment or administration
7 expense" means an expenditure described by Section 253.1001(f).

8 SECTION 24. Section 257.003, Election Code, is amended by
9 adding Subsection (e) to read as follows:

10 (e) Sections 254.153 and 254.154 govern the reporting
11 schedule for a report required by this section.

12 SECTION 25. Section 257.004, Election Code, is amended by
13 amending Subsection (a) and adding Subsection (c) to read as
14 follows:

15 (a) Beginning on the 60th day before the date of the general
16 election for state and county officers and continuing through the
17 day of the election, a political party may not knowingly accept a
18 contribution authorized by Section 253.104 or make an expenditure
19 from the account required by Section 257.002. Beginning on the 60th
20 day before the date of a primary election, a political party may not
21 knowingly accept a contribution authorized by Section 253.104.

22 (c) A contribution is accepted under this section when it is
23 received by or on behalf of the party, unless the contribution is
24 returned to the contributor not later than the fifth day after the
25 date the contribution is received. An expenditure is made from the
26 account established under Section 257.002 when any funds are
27 expended or obligated, whichever is earlier.

1 SECTION 26. Section 257.007, Election Code, is amended to
2 read as follows:

3 Sec. 257.007. RULES. The commission shall adopt rules to
4 implement this chapter and ensure that corporate or labor
5 organization funds are not used for political activity in
6 circumvention of this chapter.

7 SECTION 27. Sections 253.098(b), 253.099(b), 253.100, and
8 257.003(d), Election Code, are repealed.

9 SECTION 28. The changes in law made by this Act apply only
10 to a contribution or expenditure made on or after September 1, 2007.
11 A contribution or expenditure made before September 1, 2007, is
12 governed by the law in effect immediately before that date, and the
13 former law is continued in effect for that purpose.

14 SECTION 29. The amendment by this Act of Subdivision (2),
15 Section 251.001, Election Code, by the addition of Paragraph
16 (A)(iv) to that subdivision is intended to clarify rather than
17 change existing law.

18 SECTION 30. This Act takes effect September 1, 2007.