

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 1616  
By: Geren et al. (Estes)  
State Affairs  
5/16/2011  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 1616 promotes transparency and accountability in government. It does this by requiring officeholders and candidates to report on their campaign finance reports any credit, interest, rebate, refund, reimbursement, or return of a deposit fee (Schedule K of the form). They also have to report any proceeds of the sale of an asset or investment purchased with a political contribution, and any other gain received from a political subdivision contribution.

Under current law, officeholders are not required to disclose reimbursements and other amounts received during a reporting period on their campaign finance reports. Without proper reporting requirements, double reimbursement practices can occur and there are little to no records. These double dipping abuses have led to tax dollars being wasted.

Also, registered lobbyists are not required to disclose the name of officeholders who use political funds to compensate or reimburse them (usually for campaign activities). This lack of disclosure allows for potential conflicts of interest between lawmakers and lobbyists.

C.S.H.B. 1616 amends current law relating to the reporting of political contributions, political expenditures, and personal financial information, and to complaints filed with the Texas Ethics Commission.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 254.031(a), Election Code, as follows:

(a) Requires each report filed under this chapter, except as otherwise provided by this chapter, to include:

(1)-(2) Makes no changes to these subdivisions;

(3) the amount of political expenditures that in the aggregate exceed \$100, rather than \$50, and that are made during the reporting period, the full name and address of the persons to whom the expenditures are made, and the dates and purposes of the expenditures;

(4) Makes no changes to this subdivision;

(5) the total amount or a specific listing of the political contributions of \$50 or less accepted and the total amount or a specific listing of the political expenditures of \$100 or less, rather than \$50 or less, made during the reporting period;

(6)-(8) Makes no changes to these subdivisions;

(9) any credit, interest, rebate, refund, reimbursement, or return of a deposit fee resulting from the use of a political contribution or an asset purchased with a political contribution received during the reporting period and the amount of which exceeds \$100;

(10) any proceeds of the sale of an asset purchased with a political contribution received during the reporting period and the amount of which exceeds \$100;

(11) any investment purchased with a political contribution received during the reporting period and the amount of which exceeds \$100;

(12) any other gain from a political contribution received during the reporting period and the amount of which exceeds \$100; and

(13) the full name and address of each person from whom an amount described by Subdivisions (9), (10), (11), or (12) is received, the date the amount is received, and the purpose for which the amount is received.

SECTION 2. Amends Subchapter B, Chapter 254, Election Code, by adding Section 254.0405, as follows:

Sec. 254.0405. AMENDMENT OF FILED REPORT. (a) Authorizes a person who files a semiannual report under this chapter to amend the report.

(b) Provides that a semiannual report that is amended before the eighth day after the date the original report was filed is considered to have been filed on the date on which the original report was filed.

(c) Provides that a semiannual report that is amended on or after the eighth day after the original report was filed is considered to have been filed on the date on which the original report was filed if:

(1) the amendment is made before any complaint is filed with regard to the subject of the amendment; and

(2) the original report was made in good faith and without an intent to mislead or to misrepresent the information contained in the report.

SECTION 3. Amends Section 254.041, Election Code, by adding Subsection (d), as follows:

(d) Provides that it is an exception to the application of Subsection (a)(3) (relating to failing to include in the report information that is required by this title to be included) that

(1) the information was required to be included in a semiannual report; and

(2) the person amended the report within the time prescribed by Section 254.0405(b) or under the circumstances described by Section 254.0405(c).

SECTION 4. Amends Section 571.122, Government Code, by adding Subsection (e), as follows:

(e) Provides that it is not a valid basis of a complaint to allege that a report required under Chapter 254 (Political Reporting), Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution.

SECTION 5. Amends Subchapter E, Chapter 571, Government Code, by adding Section 571.1222, as follows:

Sec. 571.1222. DISMISSAL OF COMPLAINT CHALLENGING CERTAIN INFORMATION IN POLITICAL REPORT. Requires TEC, at any stage of a proceeding under this subchapter, to dismiss a complaint to the extent the complaint alleges that a report required under Chapter 254, Election Code, contains the improper name or address of a person from whom a political contribution was received if the name or address in the report is the same as the name or address that appears on the check for the political contribution.

SECTION 6. Amends Section 571.123(b), Government Code, as follows:

(b) Requires that the written notice to the complainant and the respondent state certain information, including that, if the respondent is a candidate or officeholder, it state the procedure by which the respondent may designate an agent with whom TEC staff may discuss the complaint. Makes a nonsubstantive change.

SECTION 7. Amends Subchapter E, Chapter 571, Government Code, by adding Section 571.1231 as follows:

Sec. 571.1231. DESIGNATION OF AGENT BY CERTAIN RESPONDENTS. (a) Provides that this section applies only to a respondent who is a candidate or officeholder.

(b) Authorizes a respondent to a complaint filed against the respondent, by writing submitted to TEC, to designate an agent with whom TEC staff may communicate regarding the complaint.

(c) Provides that for purposes of this subchapter, including Section 571.140 (Confidentiality; Offense), communications with the respondent's agent designated under this section are considered communications with the respondent.

SECTION 8. Amends Section 159.003(b), Local Government Code, to require that the statement meet certain criteria, including that it comply with Sections 572.022 (Reporting Categories; Required Descriptions) and 572.023 (Contents of Financial Statement in General), Government Code, and with any order of the commissioners court of the county requiring additional disclosures.

SECTION 9. Makes application of Section 254.031(a), Election Code, as amended by this Act, prospective.

SECTION 10. Makes application of Section 254.041, Election Code, as amended by this Act, prospective.

SECTION 11. Effective date: September 1, 2011.