

SENATE AMENDMENTS

2nd Printing

By: Leach, Klick, Israel, Moody, Burrows,
et al.

H.B. No. 2586

A BILL TO BE ENTITLED

1 AN ACT
2 relating to political contributions and political expenditures
3 made to or by political committees or other persons.

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 (8) and (12) and adding Subdivision (21) to
7 read as follows:

8 (8) "Direct campaign expenditure" means a campaign
9 expenditure that does not constitute a campaign contribution by the
10 person making the expenditure. A campaign expenditure does not
11 constitute a contribution by the person making the expenditure to a
12 candidate or officeholder if the expenditure is made without the
13 prior consent or approval of the candidate or officeholder on whose
14 behalf the expenditure is made. A campaign expenditure made in
15 connection with a measure does not constitute a contribution by the
16 person making the expenditure if it is not made as a political
17 contribution to a political committee supporting or opposing the
18 measure.

19 (12) "Political committee" means two or more [~~a group~~
20 ~~of~~] persons acting in concert with [~~that has as~~] a principal purpose
21 of accepting political contributions or making political
22 expenditures. The term does not include a group composed
23 exclusively of two or more individual filers or political
24 committees required to file reports under this title who make

1 reportable expenditures for a joint activity.

2 (21) "In-kind contribution" means a contribution of
3 goods, services, or any other thing of value that is not money, and
4 includes an agreement made or other obligation incurred, whether
5 legally enforceable or not, to make the contribution. The term does
6 not include a direct campaign expenditure.

7 SECTION 2. Subchapter A, Chapter 251, Election Code, is
8 amended by adding Sections 251.0015 and 251.0016 to read as
9 follows:

10 Sec. 251.0015. COMMUNICATION WITH CANDIDATE. For purposes
11 of Section 251.001(8), communication between a person and a
12 candidate, officeholder, or candidate's or officeholder's agent is
13 not evidence that the person obtained the candidate's or
14 officeholder's consent or approval for a campaign expenditure made
15 after the communication by the person on behalf of the candidate or
16 officeholder unless the communication establishes that:

17 (1) the expenditure is incurred at the request or
18 suggestion of the candidate, officeholder, or candidate's or
19 officeholder's agent;

20 (2) the candidate, officeholder, or candidate's or
21 officeholder's agent is materially involved in decisions regarding
22 the creation, production, or distribution of a campaign
23 communication related to the expenditure; or

24 (3) the candidate, officeholder, or candidate's or
25 officeholder's agent shares information about the candidate's or
26 officeholder's plans or needs that is:

27 (A) material to the creation, production, or

1 distribution of a campaign communication related to the
2 expenditure; and

3 (B) not available to the public.

4 Sec. 251.0016. COMMON VENDOR. A person using the same
5 vendor as a candidate, officeholder, or political committee
6 established or controlled by a candidate or officeholder is not
7 acting in concert with the candidate, officeholder, or committee to
8 make a campaign expenditure unless the person makes the expenditure
9 using information from the vendor about the campaign plans or needs
10 of the candidate, officeholder, or committee that is:

11 (1) material to the expenditure; and

12 (2) not available to the public.

13 SECTION 3. Section 252.003, Election Code, is amended by
14 amending Subsection (a) and adding Subsection (a-1) to read as
15 follows:

16 (a) In addition to the information required by Section
17 252.002, a campaign treasurer appointment by a general-purpose
18 committee must include:

19 (1) the full name, and any acronym of the name that
20 will be used in the name of the committee as provided by Subsection
21 (d), of each corporation, labor organization, or other association
22 or legal entity that directly establishes, administers, or controls
23 the committee, if applicable, or the name of each person who
24 determines to whom the committee makes contributions or the name of
25 each person who determines for what purposes the committee makes
26 expenditures;

27 (2) the full name and address of each general-purpose

1 committee to whom the committee intends to make political
2 contributions; ~~and~~

3 (3) the name of the committee and, if the name is an
4 acronym, the words the acronym represents; and

5 (4) before the committee may use a political
6 contribution from a corporation or a labor organization to make a
7 direct campaign expenditure in connection with a campaign for an
8 elective office, an affidavit stating that:

9 (A) the committee is not established or
10 controlled by a candidate or an officeholder; and

11 (B) the committee will not use any political
12 contribution from a corporation or a labor organization to make a
13 political contribution to:

14 (i) a candidate for elective office;

15 (ii) an officeholder; or

16 (iii) a political committee that has not
17 filed an affidavit under this subdivision or Section
18 252.0031(a)(2).

19 (a-1) Filing an affidavit under Subsection (a)(4) does not
20 create any additional reporting requirements under Section
21 254.261.

22 SECTION 4. Section 252.0031, Election Code, is amended by
23 amending Subsection (a) and adding Subsections (a-1) and (a-2) to
24 read as follows:

25 (a) In addition to the information required by Section
26 252.002, a campaign treasurer appointment by a specific-purpose
27 committee for supporting or opposing a candidate for an office

1 specified by Section 252.005(1) must include:

2 (1) the name of and the office sought by the candidate;
3 and

4 (2) before the committee may use a political
5 contribution from a corporation or a labor organization to make a
6 direct campaign expenditure in connection with a campaign for an
7 elective office, an affidavit stating that:

8 (A) the committee is not established or
9 controlled by a candidate or an officeholder; and

10 (B) the committee will not use any political
11 contribution from a corporation or a labor organization to make a
12 political contribution to:

13 (i) a candidate for elective office;

14 (ii) an officeholder; or

15 (iii) a political committee that has not
16 filed an affidavit under this subdivision or Section 252.003(a)(4).

17 (a-1) If the ~~that~~ information required to be provided
18 under Subsection (a) changes, the committee shall immediately file
19 an amended appointment reflecting the change.

20 (a-2) Filing an affidavit under Subsection (a)(2) does not
21 create any additional reporting requirements under Section
22 254.261.

23 SECTION 5. Subchapter D, Chapter 253, Election Code, is
24 amended by adding Section 253.097 to read as follows:

25 Sec. 253.097. CONTRIBUTION FROM CORPORATION OR LABOR
26 ORGANIZATION. A corporation or labor organization may make
27 campaign contributions from its own property to a political

1 committee that has filed an affidavit with the committee's campaign
2 treasurer appointment in accordance with Section 252.003(a)(4) or
3 252.0031(a)(2).

4 SECTION 6. Sections 253.100(a) and (e), Election Code, are
5 amended to read as follows:

6 (a) A corporation, acting alone or with one or more other
7 corporations, may make one or more political expenditures to
8 finance the establishment or administration of a general-purpose
9 committee. In addition to any other expenditure that is considered
10 permissible under this section, a corporation may make an
11 expenditure for the maintenance and operation of a general-purpose
12 committee, including an expenditure for:

- 13 (1) office space maintenance and repairs;
- 14 (2) telephone and Internet services;
- 15 (3) office equipment;
- 16 (4) utilities;
- 17 (5) general office and meeting supplies;
- 18 (6) salaries for routine clerical, data entry, and
19 administrative assistance necessary for the proper administrative
20 operation of the committee;
- 21 (7) legal and accounting fees for the committee's
22 compliance with this title;
- 23 (8) routine administrative expenses incurred in
24 establishing and administering a general-purpose political
25 committee;
- 26 (9) management and supervision of the committee,
27 including expenses incurred in holding meetings of the committee's

1 governing body to interview candidates and make endorsements
2 relating to the committee's support;

3 (10) the recording of committee decisions;

4 (11) expenses incurred in hosting candidate forums in
5 which all candidates for a particular office in an election are
6 invited to participate on the same terms; ~~[or]~~

7 (12) expenses incurred in preparing and delivering
8 committee contributions; or

9 (13) creation and maintenance of the committee's
10 public Internet web pages that do not contain political
11 advertising.

12 (e) Subsection (d) does not apply to a corporation or labor
13 organization making a campaign contribution to a political
14 committee under Section 253.097 or an expenditure to communicate
15 with its stockholders or members, as applicable, or with the
16 families of its stockholders or members as provided by Section
17 253.098.

18 SECTION 7. Section 253.101, Election Code, is amended by
19 adding Subsection (a-1) to read as follows:

20 (a-1) Subsection (a) does not prohibit a political
21 committee from making a political contribution or political
22 expenditure wholly or partly from a campaign contribution made by a
23 corporation or labor organization to the political committee under
24 Section 253.096 or 253.097.

25 SECTION 8. The change in law made by this Act applies only
26 to an offense committed on or after the effective date of this Act.
27 An offense committed before the effective date of this Act is

1 governed by the law in effect on the date the offense was committed,
2 and the former law is continued in effect for that purpose. For
3 purposes of this section, an offense was committed before the
4 effective date of this Act if any element of the offense occurred
5 before that date.

6 SECTION 9. This Act takes effect September 1, 2019.

ADOPTED

MAY 19 2019

FLOOR AMENDMENT NO. 1

Larry Spaul BY: *AGP*
Secretary of the Senate

1 Amend H.B. No. 2586 (senate committee printing) by adding the
2 following appropriately numbered SECTIONS to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Section 254.031(a), Election Code, is amended
5 to read as follows:

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

8 (1) the amount of political contributions, other than
9 political contributions described by Subdivision (1-a), from each
10 person that in the aggregate exceed \$50 and that are accepted
11 during the reporting period by the person or committee required to
12 file a report under this chapter, the full name and address of the
13 person making the contributions, and the dates of the
14 contributions;

15 (1-a) the amount of political contributions from each
16 person that are made electronically and that are accepted during
17 the reporting period by the person or committee required to file
18 a report under this chapter, the full name and address of the
19 person making the contributions, and the dates of the
20 contributions;

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

1 the aggregate principal amount of all outstanding loans as of the
2 last day of the reporting period;

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

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

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

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

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

27 (8) as of the last day of a reporting period for which
28 the person is required to file a report, the total amount of
29 political contributions accepted, including interest or other
30 income on those contributions, maintained in one or more accounts
31 in which political contributions are deposited as of the last day

1 of the reporting period;

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

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

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

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

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

20 SECTION _____. Section 254.031(a), Election Code, as amended
21 by this Act, applies only to a report under Chapter 254, Election
22 Code, that is required to be filed on or after the effective date
23 of this Act. A report under Chapter 254, Election Code, that is
24 required to be filed before the effective date of this Act is
25 governed by the law in effect on the date the report is required
26 to be filed, and the former law is continued in effect for that
27 purpose.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 20, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2586 by Leach (Relating to political contributions and political expenditures made to or by political committees or other persons.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

Based on analysis by the Secretary of State, it is assumed that the provisions of the bill relating to campaign expenditures could be absorbed using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission, 307 Secretary of State

LBB Staff: WP, KK, JMO, SLE, NV

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 11, 2019

TO: Honorable Bryan Hughes, Chair, Senate Committee on Administration

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2586 by Leach (Relating to political contributions and political expenditures made to or by political committees or other persons.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

Based on analysis by the Secretary of State, it is assumed that the provisions of the bill relating to campaign expenditures could be absorbed using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission, 307 Secretary of State

LBB Staff: WP, KK, JMO, SLE, NV

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Stephanie Klick, Chair, House Committee on Elections

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2586 by Leach (relating to political contributions and political expenditures made to or by political committees or other persons.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

Based on analysis by the Secretary of State, it is assumed that the provisions of the bill relating to campaign expenditures could be absorbed using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission, 307 Secretary of State

LBB Staff: WP, JMO, SLE, NV

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 2019

TO: Honorable Stephanie Klick, Chair, House Committee on Elections

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2586 by Leach (Relating to direct campaign expenditures by political committees.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Based on analysis by the Secretary of State, it is assumed that the provisions of the bill relating to campaign expenditures could be absorbed using existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State

LBB Staff: WP, SLE, NV, JMO