

BILL ANALYSIS

C.S.H.B. 1804
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The 88th Texas Legislature enacted a law requiring a political subdivision that receives a campaign finance report to post that report on its website. However, an online news article from the *Texas Tribune* revealed that certain political subdivisions have not complied with the law and that some candidates fail to submit required reports. C.S.H.B. 1804 seeks to ensure compliance with submission and posting requirements for campaign finance reports and personal financial statements by requiring a person to timely file those documents as a qualification for public office, requiring the Texas Ethics Commission to monitor compliance with the online posting requirement, and allowing certain public officers to be removed from office if the officer is ineligible to hold public office as a result of failing to submit required reports or statements to the appropriate authority.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Ethics Commission in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.H.B. 1804 amends the Election Code and Local Government Code to provide for the ineligibility for office, and the judicial removal from office, of a person who fails to timely file certain reports or financial statements required under the Election Code and to provide for monitoring of political subdivisions' compliance with a certain requirement to post campaign finance reports online.

Ineligibility for Office and Judicial Removal From Office

C.S.H.B. 1804 makes a candidate or officeholder who fails to file a report or financial statement to which the bill applies before the 30th day after the date the report or statement is due ineligible to be a candidate for or to hold the public office for which the report or statement is required until the succeeding election for that office after the date the candidate or officeholder becomes ineligible, unless the candidate or officeholder is granted a 30-day extension in accordance with the bill's provisions. The bill applies only to the following reports or financial statements required under state law:

- campaign finance reports filed by a candidate or officeholder with the Texas Ethics Commission (TEC) or other applicable authority;
- personal financial statements filed with the TEC by a state officer, a partisan or independent candidate for an office as an elected officer, or a state party chair;

- personal financial statements filed with a municipal clerk or secretary by a municipal officer or a candidate for a municipal office in a municipality with a population of 100,000 or more; and
- personal financial statements filed with a county clerk by a county officer or candidate for a county office in a county with a population of 100,000 or more or by a justice of the peace or candidate for the office of justice of the peace in a county with a population of 125,000 or more.

Additionally, the bill authorizes a public officer who is required to file such a report or financial statement to be removed from office if the officer is ineligible to hold the office due to their failure to file the report or statement by that deadline. The public officer may be removed from office using the same procedures for removing a county officer by petition and trial. The bill establishes that its provisions regarding ineligibility do not apply to a corrected or amended report or statement that is considered to be late under certain statutory provisions for purposes of any applicable civil penalty for late filing of the report or statement.

C.S.H.B. 1804 authorizes the authority with whom an applicable report or statement is required to be filed, if a candidate or officeholder fails to file the report or statement by the date it is due, to provide to the candidate or officeholder written notice of the following:

- the candidate's or officeholder's failure to file the report or statement; and
- the date by which the candidate or officeholder must file the report or statement before the candidate or officeholder becomes ineligible to be a candidate for or to hold the public office for which the report or statement is required.

The bill authorizes such an authority to grant a candidate or officeholder a 30-day extension based on an extraordinary circumstance in accordance with rules the TEC adopts. The bill requires an authority with whom an applicable report or statement is required to be filed, unless the candidate or officeholder who is the subject of the late report or statement is granted such an extension, to provide written notice of each candidate or officeholder who fails to file the report or statement before the 30th day after the date the report or statement is due to the appropriate authority for an administrative declaration of ineligibility or, if a certificate of election has been issued, to the appropriate authority for acting on a resignation or declination relating to the office for which the report or statement is required. The bill requires the notice to be delivered not later than the 14th day after the date the candidate or officeholder becomes ineligible and requires the appropriate authority, on receipt of the notice, to declare the candidate or officeholder ineligible. The bill's provisions relating to ineligibility as a candidate or officeholder for failing to file certain financial reports or statements apply only to the eligibility of a person to be a candidate for an office for which an application for a place on the ballot is required to be filed on or after January 1, 2026.

Monitoring Availability of Reports on Internet

C.S.H.B. 1804 requires the TEC to develop procedures for monitoring the websites of each political subdivision that is required by state law to make a campaign finance report available on its website to ensure the political subdivision is in substantial compliance with that requirement. The bill authorizes the TEC to assess an administrative penalty in an amount not to exceed \$5,000 against a political subdivision that is not in substantial compliance with the requirement. The bill establishes that each day a political subdivision is not in substantial compliance with that requirement constitutes a separate violation for purposes of imposing an administrative penalty and that a political subdivision is not subject to such an administrative penalty before January 1, 2026. The bill requires the TEC to adopt rules not later than December 1, 2025, to implement these provisions, including rules defining the meaning of substantial compliance for such purposes.

C.S.H.B. 1804 establishes that its provisions apply only to a campaign finance report that is required to be filed on or after the bill's effective date. A campaign finance report that is required to be filed before the bill's effective date is governed by the law in effect on the date the report is required to be filed, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1804 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and substitute make a person ineligible to be a candidate for or to hold a public office if the person fails to timely file certain reports or financial statements required under the Election Code, but the versions differ in the following ways:

- the substitute specifies that the campaign finance reports to which the bill applies are those filed by a candidate or officeholder, whereas the introduced did not;
- the substitute includes a provision absent from the introduced making the bill's provisions regarding ineligibility inapplicable to a corrected or amended report or statement that is considered to be late for purposes of any applicable civil penalty for late filing of the report or statement;
- the substitute changes the date before which a candidate or officeholder must file an applicable report or statement to avoid becoming ineligible from the 14th day after the due date, as in the introduced, to the 30th day after the due date;
- whereas the introduced made a candidate or officeholder who fails to file an applicable report or statement before the specified date ineligible to be a candidate for or to hold public office generally, the substitute specifies that the ineligibility applies to the office for which the report or statement is required and only until the succeeding election for that office after the date the candidate or officeholder becomes ineligible;
- the substitute makes certain clarifying changes to the introduced version's requirement for an applicable authority to provide a candidate or officeholder who fails to file a report or statement by the due date with written notice of the date by which the report or statement must be filed to avoid ineligibility;
- the substitute changes the deadline by which an authority with whom an applicable report or statement is required to be filed must provide written notice of a candidate or officeholder who fails to file the report or statement before the specified date to the appropriate authority for action from not later than the 20th day after the date the report or statement is due, as in the introduced, to not later than the 14th day after the date the candidate or officeholder becomes ineligible; and
- the substitute includes provisions absent from the introduced that authorize an authority with whom an applicable report or statement is required to be filed to grant a candidate or officeholder a 30-day extension based on an extraordinary circumstance in accordance with rules the TEC adopts and specify that such an extension serves as an exception to certain other bill provisions.