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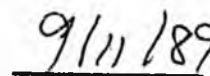


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JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT
OFFICE OF LEGISLATIVE RESEARCH

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CONNECTICUT CAMPAIGN FINANCE LAW

Connecticut has had campaign finance laws since 1895. In that year, the state's first Corrupt Practices Act prescribed the political agents to whom campaign contributions could legally be made and required the post-election reporting of contributions to and expenditures by political committees. By now, the overall scope and complexity of state campaign finance law is greatly increased. Consequently, this memorandum offers members of the Government Administrations and Elections Committee only a very general, introductory look at an intricate subject.

SCOPE OF THE LAW

Campaign finance law in Connecticut applies to campaigns preceding primaries, elections, referendums, and voting on state constitutional amendments and other questions to be decided at elections.

Through the requirements and limitations that it establishes, the law directly affects candidates for all elective offices except presidential elector, U.S. Senator, U.S. Representative, delegate to convention, and town committee officer. It also affects both individual contributors to campaigns and politically interested groups that collect, distribute, or spend money for campaign purposes.

THE FIVE CLASSES OF COMMITTEES

State campaign finance law centers on five statutorily defined classes of committees.

Candidate Committees

Except under very special circumstances, every candidate running in any of the elective offices covered by the law, whether in a primary or an election, must form a single Candidate Committee to handle his or her campaign finances.

Continuing Political Committees

If they wish to be financially involved in campaign-related activities, certain groups must form Continuing Political Committees. These groups include State Central Committees and Town Committees; plus stock corporations, other business organizations, and all combinations of two or more persons, which intend to promote the success or defeat of any political party, candidate, or candidates, and which undertake such efforts on a continuing basis not limited to a particular primary, election, or referendum. Not included are local party-affiliated committees that receive all their funds from either a State Central Committee or a Town Committee.

Political Committees

Stock corporations, other business organizations, and all combinations of two or more persons must form Political Committees when they want to contribute financially to the success or defeat of any political party or at least one candidate in a single primary or election.

Political Issue Committees

Political Issue Committees must be formed by stock corporations, other business organizations, and all combinations of two or more persons if -- in the context of a single election or referendum -- such groups want to aid the success or defeat of any state constitutional amendment, referendum question, or any question to be decided at an election.

Organization Political Committees

Any non-business organization that wants to promote financially the success or defeat of a political party or of at least one candidate must form a single Organization Political Committee. The funds received by that Committee must come exclusively from the organization forming it. These requirements apply whether the activities undertaken by the Committee are to be ongoing or directed at a single primary or election. The organizations most likely to form such committees are trade unions.

COMMITTEE REQUIREMENTS

The law imposes a differing set of requirements on each of these five types of committees, with regard, for example, to the proper

sources and recipients of contributions made to or by the various types. Two requirements, however, do apply to all committee types. First, every committee must appoint a financial officer -- a Campaign Treasurer or, in the case of a Candidate Committee, a Principal Campaign Treasurer -- to receive and disburse monies on behalf of the Committee. Second, every committee must register with and make financial reports to the Secretary of the State or a town clerk, as applicable.

DISCLOSURE AND AUDITING: FINANCIAL REPORTS

The statutes prescribe a mechanism for the disclosure and auditing of campaign finance activities: reports filed with the Secretary of the State or town clerks by the treasurers of campaign committees. While reporting dates differ somewhat according to committee type, every committee is required to file several reports each year. The reports must be made on forms prepared by the Elections Division, and they must contain an itemization of all of the committee's receipts and expenditures.

This reporting mechanism provides for financial disclosure, since the filed reports are open to public inspection. But because the Elections Commission must examine the reports, the mechanism also provides that body with an opportunity to determine whether a given committee and its contributors have been observing the letter of campaign finance law.

CONTRIBUTIONS: LIMITS AND PROHIBITIONS

No contribution whatever may be made to any candidate or group engaging in campaign activities unless that candidate or group has formed a committee of the appropriate type and has registered with the applicable authority. Once a committee has been formed and registered, only its treasurer is permitted to receive contributions.

The campaign finance statutes place a number of limits on the size of contributions by individuals to each type of committee and by one committee to another. Aggregate contribution limits have also been set for individuals and committees.

Some contributions are prohibited absolutely. For instance, a Candidate Committee cannot make a contribution to other committees of any type, individuals are not allowed to contribute to an Organization Political Committee, and all anonymous contributions of more than \$15 each must be turned over to the State Treasurer.

MISCELLANEOUS PROVISIONS

Connecticut's campaign finance law contains a number of other provisions. These include the use of a single bank by a committee,

the payment of committee expenses by check in most cases, the distribution of any surplus in a committee's account when that committee is no longer active, and the payment of certain expenses by a candidate with his personal funds.

ENFORCEMENT AND PENALTIES

The Elections Division and the town clerks enforce the deadlines for financial reports by the committees. The penalty for the late filing of a financial report is \$50. As an investigative body that audits the reports, the Elections Commission -- by itself or through the State's legal officers -- enforces compliance with other provisions of the law. Knowing and willful violations of campaign finance law are punishable by fines of up to \$1000 and imprisonment of not more than one year, or both.

C.G.S., § 9-333 - §9-348cc.

For additional information, request

Campaign Finance Laws, October 9, 1980, 14pp. (alternatives that would simplify compliance)

Campaign Contributions Limitations, August 14, 1980, 12pp. (in other states)

Outline of Campaign Finance Laws Relating to Candidates, July 8, 1980 9pp.

A Candidate Committee's Petty Cash Fund, June 19, 1980, 2pp.

Campaign Solicitors, June 19, 1980, 2pp.

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CHAPTER 14

TEXAS ELECTION CODE



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Article 14.01. Definitions

As used in this chapter –

(A) "Candidate" is defined as any person who has knowingly and willingly taken affirmative action for the purpose of seeking nomination or election to any public office which is required by law to be determined by an election. Some examples of affirmative action are:

1. Filing of application for a position on a ballot.
2. Filing of application for nomination by a convention under Section 224a of this code.
3. Independent candidate's declaration of intent under Section 224a of this code.
4. Public announcement of a definite intent to run for office at a particular election, either with or without designating the specific office to be sought.
5. Statement of definite intent and solicitation of support through letters or other modes of communication, prior to a public announcement.
6. Solicitation of or acceptance of a contribution for use in a future election.
7. Seeking the nomination of an executive committee of a political party to fill a vacancy pursuant to Section 233 of this code (Article 13.56, Vernon's Texas Election Code).
8. Filing of a designation of a campaign treasurer.

(B) "Office-holder" is defined as any person serving in a public office as defined herein and any other constitutionally designated member of the Executive Department.

(C) "Corporation" is defined as every organization organized or operating under authority of the Texas Business Corporation Act or the Texas Non-Profit Corporation Act, any corporation or association organized by authority of any law of Congress or of any other state or nation than Texas, national, state, private or unincorporated banks, trust companies, building and loan associations or companies, insurance companies, reciprocal or interinsurance exchanges, railroad companies, cemetery companies, cooperatives, abstract and title insurance companies, and stock companies. However, any political committee whose only principal purpose is to accept contributions and to make expenditures, as defined in this section, shall not be deemed to be a corporation under the provisions of this chapter if such committee is incorporated for liability purposes only. Incorporation of a political committee shall not relieve any person of any liability, duty, or obligation created pursuant to any provision of the Texas Election Code.

(D) "Contribution" is defined as: (1) any advance, loan, deposit or transfer of funds, goods, services or any other thing of value, or any contract or obligation, whether enforceable or unenforceable, to transfer any funds, goods, services, or anything of value to any candidate, or political committee, which advance or other such item is involved in an election; providing that an individual or group of persons is involved in an election upon the receipt of a contribution or the making of an expenditure which was given or made and received with the intent that it be used or held for some election and that the receipt of or making of the contribution or expenditure may occur before, during, or after an election; or as (2) any advance, deposit or transfer of funds, goods, services or anything of value or creation of any contract or obligation, enforceable or unenforceable, to transfer any funds, goods, services, or anything of value knowingly accepted by any office-holder for the purpose of assisting such person in the performance of duties or activities in connection with the office which are nonreimbursable by the state or political subdivision. "Contribution" does not include an honorarium to a public servant that is excluded from the application of penal sanction by Section 36.10(3) of the Penal Code.

(E) "Expenditures" is defined as any payments made or obligations incurred (1) by a candidate, or political committee, when such payments or obligations are involved in an election; or (2) by an office-holder, when such payments are made in the performance of duties or ac-

tivities in connection with the office which are nonreimbursable by the state or the political subdivision. "Involved in an election" has the same meaning as in (D) above.

(F) "Election" is defined as any election held to nominate or elect a candidate to any public office. It shall also include any election at which a measure is submitted to the people.

(G) "Public office" is defined as any office created by or under authority of the laws of this state, that is filled by the voters.

(H) "State office" is defined as any public office of the state government which is to be filled by the choice of the voters of the entire state, except presidential electors.

(I) "District office" is defined as any public office of the state government, less than state-wide, which is to be filled by the choice of the voters residing in more than one county, and the offices of State Senator, State Representative, and State Board of Education.

(J) "County office" is defined as any public office of the state or county government which is to be filled by the choice of the voters residing in only one county or less than one county, except for those offices specifically enumerated as district offices above.

(K) "Municipal office" is defined as any public office of any incorporated city, town, or village which is to be filled by the choice of the voters.

(L) "Office of a political subdivision" is defined as any public office of any political subdivision of this state which is organized as a body politic and has a governing board or body, except counties, cities, towns and villages, which is to be filled by the choice of the voters residing in that subdivision.

(M) "Measure" is defined as any proposal submitted to the people for their approval or rejection at an election, including any proposed law, Act or part of an Act of the legislature, revision of or amendment to the constitution, local, special, or municipal legislation or proposition or ballot question.

(N) "Person" is defined as an individual, corporation, partnership, labor union or labor organization, or any unincorporated association, firm, committee, club, or other organization or group of persons including any group of persons associated with a political party or element thereof.

(O) "Political committee" is defined as any group of persons (1) formed to collect contributions or make expenditures in support for or in opposition to a candidate or candidates, whether presently identifiable or not, or a measure or measures, whether presently identifiable or not, on a ballot in a public election; or (2) formed to collect contributions or make expenditures for office holders whether presently identifiable or not.

(P) "Specific purpose political committee" is defined as: (1) any political committee which accepts only contributions and/or makes only expenditures in support for or in opposition to candidates who are identifiable and for whom the office(s) to be sought are known and any political committee only accepting contributions and/or making expenditures in support for or in opposition to measures which are identifiable; or (2) any political committee which accepts only contributions and/or makes only expenditures in assisting identifiable office-holders.

(Q) "General purpose political committee" is defined as: (1) any political committee which accepts contributions and/or makes expenditures in support for or in opposition to candidates who are indefinite in identity or for whom the office(s) to be sought are unknown and any political committee which accepts contributions and/or makes expenditures in support for or in opposition to measures which are indefinite in identity; or (2) any political committee which accepts contributions and/or makes expenditures in assisting office-holders, who are not identified.

(R) "Political advertising" is defined as anything in favor of or in opposition to any candidate for public office or office of a political party, or in favor of or in opposition to any political party, or in favor of or in opposition to the success of any public officer, or in favor of or in

(F)(1) Except as expressly permitted in this chapter, no contribution as defined in Section 237(D)(1) shall be accepted nor any expenditure, as defined in Section 237(E)(1), including the paying of any filing fee, made by an individual until he has filed the name of his campaign treasurer with the appropriate authority. No contribution shall be accepted nor any expenditure made by a political committee until it has filed the name of its campaign treasurer with the appropriate authority. If it is not otherwise possible for a candidate or specific purpose political committee to determine which authority is appropriate for the filing of campaign treasurer designation, then a filing with the Secretary of State shall be sufficient, but only until such time as the appropriate authority may be determined in accordance with Subsections (B), (C), and (D) of this Section.

(2) It is unlawful for a political committee to make a contribution or an expenditure in support of or in opposition to a candidate for a state or district office in a primary or general election unless the committee's designation of campaign treasurer has been filed before the 30th day preceding the appropriate election day.

(G) It shall be unlawful for any candidate, political committee, campaign treasurer, assistant campaign treasurer, or any other person to expend funds from any unlawful contributions.

(H) Nothing in this Act shall be construed to prohibit a candidate from appointing himself or herself as the campaign treasurer.

(I) An individual intending to become a candidate for public office may file a designation of campaign treasurer before taking any affirmative action for the purpose of seeking nomination or election.

(J) A designation of a campaign treasurer or an assistant campaign treasurer shall be deemed to be timely filed if it is placed in the United States Post Office properly addressed to the appropriate authority within the time limits applicable to such designation. The postmark will be prima facie evidence of the date that such statement was deposited with the post office. The person filing the designation may show by competent evidence that the actual date of posting was to the contrary. No charge shall be made for filing designations of campaign treasurer or assistant campaign treasurer with any authority.

Article 14.03. Campaign Contributions

(A) It shall be lawful for an individual not acting in concert with any other person to expend a sum in a campaign which shall not in the aggregate exceed \$100 per election for any lawful purpose out of his own funds to aid or defeat any candidate or measure, where the sum is not to be repaid to him. Such a sum will not be reportable to any authority unless it constitutes a contribution. If an individual not acting in concert with any person wishes to expend more than \$100 for any lawful purpose out of his own funds to aid or defeat any candidate or candidates or measures, he may do so either by making a contribution or by complying with all of the provisions of this chapter as if he were a campaign treasurer of a political committee.

(B) It shall be lawful for any individual to donate his own personal services and personal traveling expenses to aid or defeat any candidate or measure and such a donation shall not constitute a contribution or expenditure, as defined in Section 237 (Article 14.01) of this code only so long as he either is not compensated or reimbursed for same.

(C) It shall be unlawful for any person to make any contribution or expenditure in the name of another or on behalf of another without revealing that fact in order that the proper disclosure may be made.

(D) Except as expressly permitted by Paragraphs (A), (B), and (E) of this Section it shall be unlawful for any person, other than a candidate, his campaign treasurer, or assistant campaign treasurer, or the campaign treasurer of a political committee, to make or authorize any campaign expenditure. Except as provided in Paragraphs (A), (B), and (E) of this Section, campaign expenditures must be made by the candidate, campaign treasurer, or assistant campaign treasurer, or the campaign treasurer of a political committee.

(E)(1) It shall be lawful for a corporation or a labor organization to expend its own funds for the purpose of aiding or defeating a measure by making a contribution to a political committee that supports or opposes measures exclusively.

(2) It shall be lawful for a corporation or labor organization, not acting in concert with any other person, to make direct expenditures from its own funds for the purpose of aiding or defeating a measure by complying with this Section as if the corporation or labor organization were an individual.

Article 14.03a. Form of Contribution

It is unlawful for a person except a general purpose political committee to accept a single contribution from a person in the form of cash that exceeds \$100.

Article 14.03b. Restriction on Contributions to Certain Office-holders during Regular Session

(a) It is unlawful for a person to make a contribution to a person who holds a state office or to a member of the legislature, or to a specific-purpose political committee that supports or assists a person who holds a state office or a member of the legislature, during a period beginning on the 30th day before the day a regular session of the legislature is convened and continuing through the day of final adjournment.

(b) It is unlawful for a person who holds a state office, a member of the legislature, or a specific-purpose political committee that supports or assists either a person who holds a state office or a member of the legislature to accept a contribution during the period prescribed in Subsection (a) of this section.

(c) This section does not apply to a contribution that was made and accepted with the intent that it be used in an election held or called during the period prescribed in Subsection (a) of this section in which the person accepting the contribution is a candidate if the contribution was made after the person has designated a campaign treasurer for the office sought and before the person was sworn in to that office.

Article 14.03c. State Officer-Elect and Legislator-Elect Considered Office-holder

(a) For purposes of this chapter, a state officer-elect or a member-elect of the legislature is considered an office-holder beginning on the day after the day of the general or special election in which the officer-elect or member-elect was elected.

(b) This section does not relieve the state officer-elect or the member-elect of any reporting responsibilities he may have as a candidate under Section 243 of this code (Article 14.07, Vernon's Texas Election Code).

Article 14.03d. Prohibition of Personal Use of Contributions

(a) A person who accepts a contribution as a candidate or office-holder shall not convert such contributions to personal use except as authorized by the State Ethics Advisory Commission.

(b) In this section, "personal use" means a use which primarily furthers individual or family purposes not connected with the performance of duties or activities as a candidate for or holder of a public office. The term does not include any payments made to defray ordinary and necessary expenses incurred in connection with activities as a candidate or in connection with the performance of duties or activities as a holder of public office including payment of rent, interest, utility, and other reasonable housing or household expenses incurred in maintaining a residence in Travis County by members of the legislature who do not ordinarily reside in Travis County.

(c) This section applies only to contributions accepted after the effective date of this Act.

(d) A person who converts a contribution to his personal use in violation of this section is civilly liable to the State of Texas for an amount equal to the amount of the converted contribution plus reasonable court costs.

Article 14.04. Civil Remedy

(A) Any person who knowingly makes or knowingly accepts an unlawful campaign contribution or who knowingly makes an unlawful expenditure in support of a candidate shall be civilly liable to each opposing candidate whose name appeared on the ballot in the election in which the unlawful contribution or expenditure was involved for double the amount or value of such unlawful campaign contribution or expenditure and reasonable attorneys fees for collecting same.

(B) Any person who knowingly makes or knowingly accepts an unlawful campaign contribution or expenditure not expressly supporting any candidate but opposing a particular candidate or candidates shall be civilly liable to each of such opposed candidates for double the amount or value of such unlawful campaign contribution or expenditure and reasonable attorneys fees for collecting same.

(C) Any person who knowingly makes or knowingly accepts an unlawful contribution or expenditure shall, in addition to any other penalties, be civilly liable to the State of Texas for an amount equal to triple the amount or value of such unlawful contribution or expenditure.

Article 14.05. Criminal Penalty

Any person who knowingly makes or knowingly accepts an unlawful contribution or who knowingly makes an expenditure in violation of this Chapter shall be guilty of a Class A misdemeanor unless otherwise provided by law.

Article 14.06. Corporations and Labor Organizations Not to Contribute

(A) It is unlawful for any corporation, as defined in this Act, to make a contribution or expenditure, as defined in Section 237 of this code (Article 14.01, Vernon's Texas Election Code), or any labor organization to make a contribution or expenditure, or for any candidate, office-

holder, political committee, or other person to knowingly accept any contribution prohibited by this Article except that a corporation or labor organization may make a contribution or expenditure for the purpose of aiding or defeating a measure in accordance with Section 239 of this code (Article 14.03, Vernon's Texas Election Code).

(B) For the purpose of this section, "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

(C) As used in this section, the phrase "contribution or expenditure" shall also include giving, lending, or paying any money or other thing of value, directly or indirectly, to any candidate, or political committee, campaign treasurer, assistant campaign treasurer, or any other person, for the purpose of aiding or defeating the nomination or election of any candidate; provided, however, that nothing in this section shall prevent the making of a loan or loans to any candidate, office-holder, or political committee, for campaign or other lawful purposes by any corporation which is legally engaged in the business of lending money and which has conducted such business continuously for more than one year prior to the making of such loan, provided the loan is made in the due course of business and is not directly or indirectly a contribution. As used in this chapter, the phrase "contribution or expenditure" shall not include expenditures for the following purposes: communications, on any subject, by a corporation to its stockholders and their families or, if the corporation is an association, to its members and their families, or by a labor organization to its members and their families; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families, or, if the corporation is an association, at its members and their families, or by a labor organization aimed at its members and their families; or the establishment, administration and solicitation of contributions from the members and their families of one or more labor organizations, or from the stockholders, employees and their families of one or more corporations, or from the members and their families of one or more associations to a separate segregated fund or other general purpose political committee to be utilized for political purposes by one or more corporations or one or more labor organizations. It is provided that it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, or financial reprisals, or by threats thereof, or by dues, fees, or other moneys required as a condition of membership in a labor organization or as a condition of employment, or by moneys obtained in a commercial transaction.

(D) Any corporation or labor organization making or promising a gift, loan, or payment to any candidate, political committee, campaign treasurer, assistant campaign treasurer, or other person in violation of this section shall be civilly liable for double the amount or value of such loan or gift, promised or made, to each opponent of the candidate, or political committee, opposed by such gift, loan, or payment. An opponent of the candidate is an opposing candidate whose name appeared on the ballot in the election in which the unlawful gift, loan, or payment was involved. The corporation or labor organization shall be civilly liable to the State of Texas for an amount equal to triple the amount or value of any unlawful gift, loan, or payment to any candidate, office-holder, political committee, campaign treasurer, or assistant campaign treasurer.

(E) Any corporation or labor organization that violates Subsection (A), (B), or (C) of this section shall be guilty of a felony of the third degree.

(F) Every officer or director of any corporation or labor organization who shall consent to any such unlawful gift, loan, or payment or such unlawful promise to give, lend, or pay by the corporation or labor organization shall be guilty of a felony of the third degree.

(G) Any candidate, office-holder, political committee, campaign treasurer, or assistant campaign treasurer who knowingly accepts such unlawful gift, loan, or payment from a corporation or labor organization shall be guilty of a felony of the third degree.

Article 14.07. Records and Sworn Statement

(A) Each candidate, office-holder, and political committee, or a campaign treasurer representing the same, is hereby required to keep an accurate record of contributions received and of all expenditures made. Such record shall contain all information hereinafter required to be reported by such candidate, office-holder, or political committee.

(B) Each candidate whose name is printed on the ballot, each person who, after having become a candidate, has withdrawn as a candidate, each write-in candidate taking affirmative action in an election and each political committee involved in an election concerning a candidate or measure shall file sworn statements as required herein. Each office-holder and political committee as defined in Subsections (O)(2), (P)(2), or (Q)(2) in Section 237 of this Code shall file sworn statements as required herein.

(C)(1) Each statement filed by a candidate, office-holder, political committee, or the political committee's campaign treasurer must list all contributions received and all expenditures made during the period covered by the statement as described in Subsection (H) of this section. Each statement must include, for the period covered, the following information:

(a) the full name and complete address of each person from whom contributions in an aggregate amount of more than \$50 were received, and the date and amount of the contributions;

(b) the full name and complete address of each person to whom any expenditures aggregating more than \$50 were made, and the date, amount, and purpose of the expenditures;

(c) the full name and complete address of each person to whom a payment that is not an expenditure was made, if the payment was made from a contribution, and the date, amount, and purpose of the payment;

(d) the full name and complete address of each person who assisted in obtaining credit or a loan of money for or on behalf of the candidate, office-holder, or political committee, or who guaranteed or otherwise agreed to assume any financial obligation for or on behalf of the candidate, office-holder, or political committee, if the benefit of the credit, the proceeds of the loan, or the guarantee or assumption of the obligation was to be involved, directly or indirectly, in an election, and the date and total value of the credit, loan, or guarantee or assumption;

(e) a total of all contributions of \$50 and less received and a total of all expenditures of \$50 and less made;

(f) a total of all contributions received and all expenditures made; and

(g) the total of unexpended contributions received or the outstanding indebtedness from expenditures made as of the end of the period covered by the previous statement required to be filed under this section.

(2) Each statement filed by a candidate or a political committee must include the campaign treasurer's name, business or residence street address, and telephone number.

(3) Each statement filed by a general-purpose political committee or its campaign treasurer must include the principal occupation of each person from whom contributions in an aggregate amount of more than \$50 were received in the period covered by the statement.

(4) Each statement filed by a political committee or its campaign treasurer must include the amount of each expenditure in the form of a contribution made to a candidate, office-

holder, or another political committee that was returned to the political committee during the period covered by the statement, the name of the person to whom the expenditure was originally made, and the date it was returned.

(5) A contribution received but not accepted is not required to be reported pursuant to this section. A determination of whether to accept a contribution that is received by a candidate, office-holder, campaign treasurer, or assistant campaign treasurer shall be made before the end of the reporting period during which the contribution was received. If the determination on accepting the contribution is not made before that time, it is considered accepted on the last day of the reporting period for purposes of reporting pursuant to this section. The candidate, office-holder, campaign treasurer, or assistant campaign treasurer who received a contribution that was not accepted shall return it to the contributor not later than the 30th day after the deadline for filing a statement for the reporting period during which the contribution was received. A candidate, office-holder, campaign treasurer, or assistant campaign treasurer commits a Class A misdemeanor if he knowingly fails to return a contribution as required by this subdivision.

(6) For purposes of the time and manner of reporting, an expenditure need not be considered to have been made until the amount is readily determinable or, if the character of the expenditure is such that normal business practice is not to disclose the amount until the next periodic bill is received, then the expenditure need not be considered to have been made until the date of receipt of the bill.

(C-1) In addition to the filing of a sworn statement under this section, the information required to be reported on the statement regarding contributions from a person that in the aggregate exceed \$1,000 to a candidate for the office of state senator or to a specific purpose political committee organized in support of or in opposition to such candidate or \$200 to a candidate for the office of state representative or to a specific purpose political committee organized in support of or in opposition to such candidate and that are knowingly accepted during the period beginning on the ninth day before election and ending at 12:00 noon on the second day before election day shall be reported by such candidate or specific purpose political committee by telegram or delivered by hand to the secretary of state within 48 hours of acceptance.

(D)(1) A general-purpose political committee must file a statement of organization with the secretary of state at the time it files the name of its campaign treasurer. The name of a general-purpose political committee may not be the same as, or deceptively similar to, the name of any other general-purpose political committee whose statement of organization is filed with the secretary of state. If there is a change in the information required to be included in the statement of organization, the political committee shall file an amended statement of organization with the secretary of state not later than the 30th day after the change occurs. The statement of organization must include the political committee's campaign treasurer's name, business or residence street address, and telephone number, and the following information:

(a) the name of each corporation, labor organization, or other association or legal entity that directly establishes, administers, or controls the political committee, if applicable; or

(b) the name of each person that determines to whom the political committee makes contributions or for what purposes the political committee makes expenditures.

(2) Each political committee receiving contributions or making expenditures on behalf of a candidate, or office-holder, shall notify the candidate, or office-holder, as to the name and address of the political committee and its campaign treasurer, if one is required. The candidate, or office-holder, shall include within each statement required by this code a list identifying the name and address of each such political committee and its campaign treasurer, if one is required. "On behalf of" means the knowing acceptance of a contribution for a candidate(s), or office-holder(s), or the making of an expenditure for a candidate(s), or office-

holder(s). Any campaign treasurer, candidate, office-holder, or other person managing a political committee, who violates the provisions of this subdivision shall be guilty of a Class A misdemeanor.

(3) In reporting a contribution received from a political committee not in this state, the information for the contributing committee that is required by Subdivision (1) of this subsection shall be included unless a copy of the committee's statement of organization filed with the Federal Election Commission is filed under Subsection (G) of this section.

(E) Such statement shall be accompanied by the following affidavit verified by the person filing the statement:

"I do solemnly swear that the foregoing statement, filed herewith, is in all things true and correct, and fully shows all information required to be reported by me pursuant to the Political Funds Reporting and Disclosure Act of 1975."

(F) The statement and oath shall be filed as follows: for a county office, or a measure submitted at an election called by a county, with the county clerk of the county; for a district office or a state office, or statewide measure, or other constitutionally designated members of the Executive Department, with the secretary of state; for a municipal office, or a measure submitted at an election called by a municipality, with the city secretary or city clerk of the municipality; and for an office of a political subdivision, or a measure submitted at an election called by a political subdivision other than a county or municipality, with the secretary of the governing body of the political subdivision. General purpose political committees shall file the required sworn statements and oaths with the Secretary of State. The deadline for filing any statement required under this section is 5 p.m. of the last day designated in the pertinent subsection for filing the statement. When the last day of filing falls on a Saturday or Sunday or an official state holiday enumerated in Article 4591, Revised Civil Statutes of Texas, 1925, as amended, the deadline for filing is extended to 5 p.m. of the next day which is not a Saturday or Sunday or enumerated holiday. A statement shall be deemed to be timely filed if it is placed in the United States Post Office or in the hands of a common or contract carrier properly addressed to the appropriate authority within the time limits applicable to the statement. The postmark or receipt mark (if received by a common or contract carrier) will be prima facie evidence of the date that such statement was deposited with the post office or carrier. The person making the report may show by competent evidence that the actual date of posting was to the contrary.

(G) In the event a political committee has elected to comply with the provisions applicable to political committees within this state, the requirements of this paragraph shall not be applicable. A candidate, office-holder, or political committee shall not accept a contribution aggregating more than \$500 in a reporting period from a political committee not in this state unless the contribution is accompanied by either: (1) a written statement which sets forth the full name and complete address of each person who contributed more than \$100 to such committee during the preceding twelve months and which is certified by an officer of the contributing political committee; or (2) a certified copy of the contributing political committee's statement of organization filed as required by law with the Federal Election Commission. A correct copy of any such statement shall be included with the statement filed on which the contribution is reported. For the purpose of reporting, "political committee not in this state" shall mean any political committee expending 80 percent or more of its expenditures in any combination of elections outside of this state and federal offices not voted on in this state within the immediately preceding twelve-month period.

(H)(1)(a) Candidates and the campaign treasurers of specific purpose political committees as defined in subsection (P)(1) of Section 237, shall file sworn statements at the times required in paragraph (4) of this subsection.

holder(s). Any campaign treasurer, candidate, office-holder, or other person managing a political committee, who violates the provisions of this subdivision shall be guilty of a Class A misdemeanor.

(3) In reporting a contribution received from a political committee not in this state, the information for the contributing committee that is required by Subdivision (1) of this subsection shall be included unless a copy of the committee's statement of organization filed with the Federal Election Commission is filed under Subsection (G) of this section.

(E) Such statement shall be accompanied by the following affidavit verified by the person filing the statement:

"I do solemnly swear that the foregoing statement, filed herewith, is in all things true and correct, and fully shows all information required to be reported by me pursuant to the Political Funds Reporting and Disclosure Act of 1975."

(F) The statement and oath shall be filed as follows: for a county office, or a measure submitted at an election called by a county, with the county clerk of the county; for a district office or a state office, or statewide measure, or other constitutionally designated members of the Executive Department, with the secretary of state; for a municipal office, or a measure submitted at an election called by a municipality, with the city secretary or city clerk of the municipality; and for an office of a political subdivision, or a measure submitted at an election called by a political subdivision other than a county or municipality, with the secretary of the governing body of the political subdivision. General purpose political committees shall file the required sworn statements and oaths with the Secretary of State. The deadline for filing any statement required under this section is 5 p.m. of the last day designated in the pertinent subsection for filing the statement. When the last day of filing falls on a Saturday or Sunday or an official state holiday enumerated in Article 4591, Revised Civil Statutes of Texas, 1925, as amended, the deadline for filing is extended to 5 p.m. of the next day which is not a Saturday or Sunday or enumerated holiday. A statement shall be deemed to be timely filed if it is placed in the United States Post Office or in the hands of a common or contract carrier properly addressed to the appropriate authority within the time limits applicable to the statement. The postmark or receipt mark (if received by a common or contract carrier) will be prima facie evidence of the date that such statement was deposited with the post office or carrier. The person making the report may show by competent evidence that the actual date of posting was to the contrary.

(G) In the event a political committee has elected to comply with the provisions applicable to political committees within this state, the requirements of this paragraph shall not be applicable. A candidate, office-holder, or political committee shall not accept a contribution aggregating more than \$500 in a reporting period from a political committee not in this state unless the contribution is accompanied by either: (1) a written statement which sets forth the full name and complete address of each person who contributed more than \$100 to such committee during the preceding twelve months and which is certified by an officer of the contributing political committee; or (2) a certified copy of the contributing political committee's statement of organization filed as required by law with the Federal Election Commission. A correct copy of any such statement shall be included with the statement filed on which the contribution is reported. For the purpose of reporting, "political committee not in this state" shall mean any political committee expending 80 percent or more of its expenditures in any combination of elections outside of this state and federal offices not voted on in this state within the immediately preceding twelve-month period.

(H)(1)(a) Candidates and the campaign treasurers of specific purpose political committees as defined in subsection (P)(1) of Section 237, shall file sworn statements at the times required in paragraph (4) of this subsection.

(b)(i) Office-holders and specific purpose political committees assisting office-holder(s) as defined in subsection (P)(2) of Section 237 of this Code shall file sworn statements on or before July 15 and on or before January 15 of each year of all contributions received and all expenditures made during the six calendar months preceding the statements in accordance with the provisions of subsection (C) of this section but reporting only such contributions accepted and expenditures made that have not been previously reported.

(ii) In addition to the statements required in subsection (H)(1)(b)(i) above, any such office-holder shall file additional statements to cover all contributions received and expenditures made by such office-holder for that period of time prior to the designation of a campaign treasurer by such office-holder, and after such designation all contributions and expenditures are to be reported pursuant to subsection (H)(1)(a). The statements required by this subsection shall be filed not later than the 15th day following the designation of a campaign treasurer.

(2) Campaign treasurers of general purpose political committees shall file sworn statements at times required in paragraph (5) of this subsection.

(3) If the operations of a political committee necessitate a change in the applicability of paragraph (1) or (2) of this subsection, the campaign treasurer of such political committee shall make such change and declare the identity of the authorities with whom future filings are expected to be made by filing (a) notification(s) with the authority(ies) with whom such committee has previously been required to file sworn statements. Failure to file such notice(s), when such change has been properly made, before the next applicable deadline for filing sworn statements under the formerly applicable sections, shall constitute a Class B misdemeanor.

(4)(a) Every candidate and every specific purpose political committee shall file two sworn statements for each year in which the candidate or the specific purpose political committee is not involved in an election. The two sworn statements shall be filed on or before July 15 of each nonelection year and on or before January 15 following a nonelection year. The period reported in the first such statement begins on January 1 or the day of campaign treasurer designation, as applicable, and ends on and includes June 30. The period reported in the second such statement begins on July 1 and ends on and includes December 31.

(b)(i) Every opposed candidate and every specific purpose political committee shall file three sworn statements relating to the election in which such person is involved in addition to any statement as provided in paragraph (4)(b)(iii) of this subsection. The three sworn statements shall be filed not later than the 30th day prior to the election, not later than the 7th day prior to the election, and not later than the 30th day after the election, respectively. The period reported in the first such statement shall begin on the day of campaign treasurer designation or on the day after the end of the period covered by the last required statement, as applicable, and end on and include the 40th day prior to the election. The period reported in the second such statement shall begin on the 39th day before the election and end on and include the 10th day before the election. The period reported in the third such statement shall begin on the 9th day before the election and end on and include the 25th day after the election. In the event an opposed candidate or a specific purpose political committee becomes involved in an election after the end of any period covered by the regular reports otherwise required herein, the first applicable sworn statement shall be filed at the next regularly required deadline and its reporting period shall begin on the date of designation of campaign treasurer or on the day after the end of the period covered by the last required statement, as applicable.

(ii) In lieu of any third statement required by paragraph (4)(b)(i) of this subsection, which falls on the 30th day after any general, primary, or special election, whenever a candidate or specific purpose political committee is involved in a run-off election, not later than the 7th day before the run-off election, the candidate or specific purpose political committee

shall file a statement of all previously unreported contributions and expenditures through the 10th day before the run-off election. The next statement required shall be filed not later than the 30th day after the run-off election and shall report all contributions received and all expenditures made during a period beginning on the 9th day before the run-off election and ending on the 25th day after the run-off election.

(iii) Each year after the last deadline for filing a statement of contributions and expenditures under paragraph (4)(b)(i) of this subsection, an additional statement shall be filed, provided, however, if there have been no expenditures made or contributions knowingly accepted since the last required reporting period, or if any contributions knowingly accepted and any expenditures made have all been reported under Subsection (H)(1)(b) of this section, there shall be no filing required. The annual statement shall be filed on or before January 15 (following the last filing) and the period shall cover all previously unreported contributions and expenditures through and including the 31st day of December.

(c) Every unopposed candidate shall file two sworn statements during the year in which an election occurs in which the unopposed candidate is involved. The statements shall be filed on or before July 15 of the year in which the election occurs and on or before January 15 of the year following the election. The period reported in the first such statement begins on January 1 or the day of campaign treasurer designation, as applicable, and ends on and includes June 30. The period reported in the second such statement begins on July 1 and ends on and includes December 31.

(5) All general purpose political committees shall file sworn statements as designated either in this paragraph or in Paragraph (6) of this subsection:

(a) On January 15th of each year, a statement of all contributions received and all expenditures made during the previous calendar year which have not been previously reported;

(b) Not earlier than the 40th day and not later than the 30th day before the date of an election in which the general purpose committee is involved, a statement of all contributions received and all expenditures made during the period from the date on which the general purpose political committee filed a designation of a campaign treasurer through the 40th day before the date of the election which have not been previously reported;

(c) Not earlier than the 10th day and not later than the 7th day before the date of an election in which the general purpose political committee is involved, a statement of all contributions received and all expenditures made through the 10th day before the date of the election which have not been previously reported;

(d) Not earlier than the 25th day and not later than the 30th day after the date of an election in which the general purpose political committee is involved, a statement of all contributions received and all expenditures made since the date covered by the last report filed under this subsection;

(e) Whenever a general purpose political committee is involved in a run-off election, in lieu of the statement to be filed by not later than the 30th day after the first election, the committee shall file a statement on the 7th day before the date of the run-off election showing all contributions received and all expenditures made since the date of the last report filed under this subsection;

(f) In the event a general purpose political committee becomes involved in an election after the end of any periods covered by the regular reports otherwise required herein, the first applicable sworn statement shall be filed at the next regularly required deadline and its reporting period shall begin on the date of designation of campaign treasurer.

(6) In lieu of the sworn statements required under Paragraph (5) of this subsection, a general purpose political committee may elect to file sworn monthly statements of all contributions received and all expenditures made which have not been previously reported by filing the sworn statements designated herein:

(a) A notice of intent to file monthly statements shall be filed between January 1 and January 15 of the first year in which the committee intends to file monthly statements. However, a general purpose political committee formed after January 15 of any particular year may upon designation of its campaign treasurer file at the same time a notice of intent to file monthly statements pursuant to this paragraph. The filing remains effective until notice of intent to revert to the regular filing schedule is filed pursuant to Subparagraph (c) of this paragraph.

(b) On the first day of each calendar month, even if there has been no activity, a statement of all previously unreported contributions received and all previously unreported expenditures made through the 25th day of the preceding month. Any general purpose political committee filing under the procedures of this paragraph shall include in each statement the dates and amounts and the full name and complete address of each person from whom contributions in an aggregate amount of more than \$10 has been received or borrowed during the reporting period. Each statement shall also include the dates and amounts and the full names and complete addresses of all persons to whom any expenditures aggregating more than \$10 were made during the appropriate reporting period and the purpose of such expenditures.

(c) If a general purpose political committee electing to file sworn monthly statements wishes to revert to filing the sworn statements required under Paragraph (5) of this subsection, such committee must file its intent to do so between January 1 and January 15 in addition to a statement of all contributions received and expenditures made which have not previously been reported.

(7) Candidates for offices created under laws of the United States are specifically exempted from the requirements of this section. It is provided, however, that they shall file copies of any reports required by federal laws with the secretary of state on the same date they file such reports with the appropriate federal authorities.

(8) Final Statement. A candidate or political committee may cease filing sworn statements regarding a campaign after a final statement has been filed and designated as such. Any of the required sworn statements may constitute a final statement if its filing results in the completion of the reporting of all contributions and expenditures involved in an election, together with the appropriate related information, required to be reported.

(9) In the event a general purpose political committee makes a contribution to either another general purpose political committee or an out of state political committee, and cannot thereby make the determination of the appropriate times to make filings of sworn statements, such contributing general purpose political committee shall be deemed to have complied with the requirements of this Section by filing a sworn statement with the Secretary of State fully reporting such contribution (as an expenditure) no later than the next succeeding filing deadline for the January 15th annual statement.

(10) In the event a campaign treasurer of a political committee is terminated, either voluntarily or by action of the political committee, he shall file a sworn statement no later than the 10th day after such termination, reporting all appropriate matters for the period from the end of the period reported in the preceding sworn statement through the day of his termination. Any subsequent sworn statement which is to be filed by a successor campaign treasurer need not report those matters included in the previous campaign treasurer's termination statement.

(I)(1) If any candidate, office-holder, or campaign treasurer of a political committee fails to file a sworn statement containing all information required by this chapter, such person shall be guilty of a Class C misdemeanor.

(2) Any candidate, office-holder, campaign treasurer, assistant campaign treasurer, or other person managing a political committee who swears falsely in a filed statement is subject to the provisions of Section 37.02 of the Texas Penal Code.

(J) Any candidate or campaign treasurer or assistant campaign treasurer of a political committee who fails to report in whole or in part any contribution or expenditure as provided in the foregoing provisions of this Section shall be liable for double the amount or value of such unreported contribution or expenditure or unreported portion thereof, to each opposing candidate in the election in which same should have been reported. Each of such opposing candidates shall also recover reasonable attorneys' fees for collecting the above liquidated damages.

(K) Any candidate, office-holder, or campaign treasurer or assistant campaign treasurer of a political committee who fails to report in whole or in part any contribution or expenditure as provided in this Section, shall be civilly liable to the State of Texas for an amount equal to triple the amount or value of such unreported contribution or unreported expenditure.

(L) Statements filed under this Section shall be open to public inspection. They shall be preserved for a period of two years, after which they may be destroyed unless a court of competent jurisdiction has ordered their further preservation.

(M) No charge shall be levied for the filing of any report required by this section.

(N) No charge greater than that authorized by the State Board of Control for copies of similar documents filed with state agencies shall be charged for copies of any reports required to be filed by this section.

(O) A statement filed under this section shall be written in black ink or typed with black typewriter ribbon, on a form prescribed by the secretary of state, unless the statement is a computer printout.

(P) An assistant campaign treasurer designated by a political committee under Section 238(B)(2) of this Code (Article 14.02, Vernon's Texas Election Code) may perform any duties imposed on the political committee's campaign treasurer by this Section in the absence of the campaign treasurer.

Article 14.07a. Annual Report of Unexpended Contributions

(a) Each of the following persons shall file a sworn statement each year, even if there is no additional activity, for as long as the person retains unexpended contributions:

(1) a former office-holder who has unexpended contributions after the filing of the last sworn statement required to be filed by Section 243 of this code (Article 14.07, Vernon's Texas Election Code); or

(2) an unsuccessful candidate for public office who:

(A) was opposed and has unexpended contributions after the filing of the last sworn statement required to be filed by Section 243 (Article 14.07) of this code; or

(B) was unopposed and has unexpended contributions.

(b) An annual statement filed pursuant to this section shall be filed between January 1 and January 15 of each year. The statement shall include the full name and complete address of each person to whom a payment is made from unexpended contributions and the date, amount, and purpose of the payment. The statement shall include the total amount of unexpended contributions at the end of the year and the amount of interest earned on the contributions during the calendar year. The statement shall be filed with the same authority with whom the person was required to file sworn statements pursuant to Section 243 of this code. An unsuccessful unopposed candidate shall file the statement with the authority with whom an opposed candidate for that office is required to file.

(c) The provisions of Section 243 (Article 14.07) of this code pertaining to penalties, inspection, and charges apply to an annual statement filed pursuant to this section.

(d) A person may retain contributions accepted under this chapter for six years after the person is no longer an office-holder or candidate, pending any future candidacy. If the person does not become a candidate within the six-year period, the person must dispose of any unexpended contributions in accordance with Subsection (e) of this section and must report the disposition by filing a sworn statement in accordance with this section not later than the 30th day after the end of the six-year period.

(e) A person required to dispose of unexpended contributions under this section must transfer the funds as follows:

(1) to the political party with which the person was affiliated when his name last appeared on the ballot;

(2) to a candidate or a political committee;

(3) to the general revenue fund;

(4) to any person from whom contributions were received; or

(5) to a recognized tax-exempt, charitable organization formed for educational, religious, or scientific purposes; or

(6) to a public or private postsecondary educational institution or an institution of higher education as defined in Section 61.003(7), Texas Education Code, solely for the purpose of assisting or creating a scholarship program.

(f) A person who disposes of unexpended contributions under Subsection (e)(2) of this section must report each contribution as if he were a specific purpose political committee.

(g) Contributions disposed of under Subsection (e)(3) of this section may be appropriated only for the financing of political party primary elections.

(h) The amount of contributions disposed of under Subsection (e)(4) of this section may not exceed the aggregate amount received from the person who made the contribution during the last two years that the candidate or office-holder accepted contributions pursuant to this chapter.

Article 14.07b. Modified Reporting Procedure

(a) A candidate or political committee required by Section 243 of this code (Article 14.07, Vernon's Texas Election Code) to file sworn statements may file a sworn statement as provided by this section instead, if the candidate or political committee does not intend to accept contributions exceeding \$500 or to make expenditures exceeding \$500 in the election.

(b) When designating a campaign treasurer, the candidate or political committee shall file a declaration of intent not to exceed \$500 in contributions or expenditures with the authority with whom the candidate or political committee is required to file a designation of campaign treasurer. The declaration of intent must contain a statement that the candidate or political committee understands that if the \$500 maximum for contributions or expenditures is exceeded, sworn statements must be filed in accordance with Section 243 of this code.

(c) The candidate or political committee shall file a sworn statement not later than the 30th day after election day. The reporting period covered by the statement begins on the day of the campaign treasurer designation and ends on the 25th day after election day.

(d) A candidate or political committee that exceeds the \$500 maximum shall file sworn statements as required by Section 243 of this code. If a candidate or political committee exceeds the maximum after the filing deadline prescribed by Section 243 for the first sworn statement required to be filed under that section, the candidate or political committee shall file a sworn statement not later than 48 hours after the maximum is exceeded. The reporting period covered by the statement begins on the day of the campaign treasurer designation and ends

on the day the maximum is exceeded. The reporting period for the next sworn statement filed by the candidate or political committee begins on the day following the last day of the period covered by the first sworn statement.

(e) The amount of a filing fee paid by a candidate is excluded from the \$500 maximum expenditure permitted under this section.

(f) Section 243 of this code applies to a candidate or political committee filing in accordance with this section to the extent that Section 243 does not conflict with this section.

Article 14.07c. Civil Penalty for Late Statement Filed with Secretary of State

(a) The secretary of state shall determine from any available evidence whether a sworn statement required to be filed with him under Section 243 of this code (Article 14.07, Vernon's Texas Election Code) is late. On making that determination, the secretary shall immediately mail a notice of the determination to the person responsible for filing the statement and to the appropriate attorney for the state.

(b) If a statement is determined to be late, the person responsible for filing the statement is civilly liable to the state for \$100. The appropriate attorney for the state may not initiate suit for the penalty until the 10th day after the date the notice is mailed under Subsection (a) of this section. If the penalty is paid before the 10th day after the mailing, the secretary of state shall notify the appropriate attorney for the state, and the civil suit under this section may not be initiated.

(c) A penalty paid voluntarily under this section shall be deposited to the credit of the general revenue fund.

(d) This section is cumulative of any other available sanctions for late filings of sworn statements.

(e) The prohibitions prescribed by Section 249(D) of this code (Article 14.13, Vernon's Texas Election Code) on the reporting by the secretary of state of alleged violations of this chapter while a candidate is engaged in campaign activities do not apply to the procedures for collecting a penalty under this section.

Article 14.09. Political Advertising*

(A) It is unlawful for any person knowingly to enter into a contract or transaction to print, publish, or broadcast any political advertising which does not disclose thereon that it is political advertising and which does not state thereon the name of the person who personally entered into the contract or transaction with the printer, publisher, or broadcaster, or the person represented by such agent and, in the case of advertising that is printed or published, the address of the agent or the person represented by the agent. A violation of this provision shall constitute a Class A misdemeanor. However, in the event the political advertisement conveys the impression that it emanates from a source other than its true source for the purpose of injuring any candidate or influencing the vote in any election, the candidate, campaign treasurer, assistant campaign treasurer or any other person purchasing or contracting for the furnishing of such political advertisement in support of or in opposition to any candidate or measure, who knowingly violates this subsection shall be guilty of a felony of the third degree.

(B) Any advertising medium or any officer or agent thereof who willfully demands or receives for any political advertising any money or other thing of value in excess of the sum due for such service, or any person who pays or offers to pay for such service any money

or other thing of value in excess of the sum due, or any person who pays or offers to pay any money or other thing of value for the publication or broadcasting of political advertising except as advertising or production matter, shall be fined not more than \$100. No advertising medium may charge a rate for political advertising in excess of the following:

(1) For advertising broadcast over a radio or television station, including a community antenna or cable television system, the rate charged shall not exceed the lowest unit charge of the station for the same class, condition and amount of time for the same period;

(2) For advertising printed or published by any other medium, the rate charged shall not exceed the lowest charge made for comparable use of such space for other purposes. The rate shall take into account the amount of space used, the number of times used, the frequency of use, and the kind of space used, as well as the type of advertising copy submitted by or on behalf of a candidate, or political committee. All discount privileges otherwise offered by a newspaper or magazine to advertisers shall be available upon equal terms to all candidates, or political committees.

(C) It is unlawful for an officer or employee of any political subdivision of this state to expend or authorize the expenditure of the funds of such political subdivision for the purpose of political advertising. The provisions of this subsection shall not apply to any advertising which describes the factual reasons for a measure and which does not advocate the passage or defeat of such measure.

(D) It is the legislative intent to impose both civil and criminal responsibility on persons, corporations, partnerships, labor unions, or labor organizations, or any unincorporated associations, firms, committees, clubs, or other organizations, or groups of persons, including any groups of persons associated with a political party or element thereof, for violations of this section.

*Political advertising governed by a contract or transaction entered into before August 29, 1983, is subject to Article 14.09, Vernon's Texas Election Code, as it existed on the date the contract or transaction was entered into, and that law is continued in effect for that purpose.

Article 14.10. Campaign Communications

(A)(1) It is unlawful for an individual to misrepresent his identity or, if acting or purporting to act as an agent for any person, to misrepresent the identity of that person in any written or oral communication relating to the campaign of a candidate for nomination or election to a public office or election to the office of a political party or relating to the success or defeat of any ballot measure with the intent to injure any candidate or to influence the vote on the measure.

(2) It is unlawful for any person to issue any communication relating to the candidacy of a person for nomination or election to a public office or election to the office of a political party or relating to the success or defeat of any ballot measure, which purports to emanate from any source other than its true source.

(B)(1) It is unlawful for any candidate for nomination or election to a public office to use the title of an office in his political advertising when the use of such title could reasonably be construed to lead the voters to believe that the candidate is the holder of an office, unless the candidate is the holder of the office at the time the representation is made.

(2) It is unlawful for any person to print, publish, or broadcast any political advertising, or to make any written or oral commercial communication, relating to the campaign of a candidate for nomination or election to a public office which states, implies, or otherwise represents that the candidate is the holder of an office, unless the candidate is the holder of the office at the time the representation is made.

(C) A violation of this section is a Class A misdemeanor.

Article 14.11. Repeal of Conflicting Laws

All laws and parts of laws in conflict herewith are repealed in so far as such laws are in actual conflict with the provisions of this code, and in case of such conflict the provisions of this code shall control and be effective. However, nothing in this Act shall be construed to nullify or repeal any Act of the Legislature passed at the Regular Session of the Fifty-second Legislature.

Article 14.12. Partial Unconstitutionality and Repeals

If any part of this code is held unconstitutional, it shall not void or affect the application of any part of this code which can operate independently of the unconstitutional provision.

Nothing in this Act shall in anywise alter, amend or repeal House Bill No. 43, Acts, Regular Session, Fifty-second Legislature.

Article 14.13. Regulation of Illegal Acts; Providing Duties for Secretary of State

(A) Filing complaint with Secretary of State. Any citizen of this state may file with the Secretary of State a complaint alleging that a person has committed one or more of the following violations of this chapter:

(1) Failure to file a statement of contributions and expenditures that is required to be filed with the Secretary of State, or late filing of a statement with the Secretary of State.

(2) Filing of a statement of contributions and expenditures with the Secretary of State that does not conform to law.

(3) Accepting a contribution or making an expenditure before the filing of a designation of a campaign treasurer in an election in which the designation is required to be filed with the Secretary of State.

(4) Making or accepting an unlawful contribution or making an unlawful expenditure.

(B) Form and contents of complaint. A complaint must:

(1) be signed and sworn to by the complainant as containing allegations that are true and correct and made on personal knowledge; and

(2) state the name of the person accused, the election involved, if any, and the alleged violation; and

(3) allege facts indicating that the person accused has committed a violation.

(C) Notice to the accused. Upon receipt of a complaint meeting the requirements of Paragraphs (A) and (B) of this section, the Secretary of State shall give notice by registered or certified mail, restricted delivery, return receipt requested, to the person who is the subject of the complaint:

(1) informing the person that the complaint has been filed;

(2) attaching a copy of the complaint;

(3) requesting the person to make a written response within 15 days after the date shown on the notice (the date of mailing); and

(4) attaching a copy of this section.

(D) Referral to prosecuting attorney and Attorney General.

(1) If the accused is a candidate or the campaign treasurer of a candidate or of a political committee supporting a candidate, the Secretary of State shall not report any alleged viola-

tions to the prosecuting attorney or to the Attorney General while the candidate is still engaged in the campaign in the specific election in which the alleged violation is said to have occurred or in a subsequent runoff or general election for the same term of office.

(2) After a lapse of 25 days from the date of a notice pursuant to Paragraph (C) or after a lapse of 25 days from an election described in (D)(1) above of this section, if it appears that the person accused in the complaint may have failed to comply with the relevant provisions of law, the Secretary of State shall forward to the appropriate prosecuting attorney the original complaint and the accused's response (if any) to the notice, together with certified copies of all pertinent records filed with the Secretary of State, in order that appropriate action may be taken.

(3) If the alleged violation is one for which a civil penalty accrues in favor of the state, the Secretary of State shall also forward to the Attorney General certified copies of the original complaint, the accused's response, and all pertinent records filed with the Secretary of State, in order that appropriate action be taken.

(E) Malicious complaints. A civil action for damages exists against the complainant in favor of any person against whom a complaint is filed maliciously and without probable cause, after the termination of any resulting prosecution. In addition, a person who makes a false allegation in a complaint is subject to the provisions of the Texas Penal Code relating to the offense of perjury.

(F) The procedures outlined in this section are cumulative of other available procedures for investigation and enforcement of violations of this chapter. Nothing in this section shall be taken as precluding the filing of a complaint directly with a prosecuting attorney or as precluding investigations and prosecutions by a prosecuting attorney and actions by the Attorney General for recovery of civil penalties without a referral from the Secretary of State.

(G) Duties of the Secretary of State.

(1) It shall be the duty of the Secretary of State to prescribe forms for any instruments required to be filed by this code, regardless of whether the instruments are to be filed with the Secretary of State or with some other authority, and to make such forms available to persons required to file such statements and information with the Secretary of State, or any other authority.

(2) It shall be the duty of the Secretary of State to furnish such forms to the following: the State Executive Committee of any political party, the clerk of each county, the duly elected chairman of each county political subdivision or authority holding an election under this code.

(3) The State Executive Committee, county clerk, county chairman, and secretary or clerk shall make available to all candidates, office-holders, or political committees the forms provided by the Secretary of State.

(4) It shall be the duty of the Secretary of State to interpret and administer the provisions of this Act in the exercise of his authority stated in Section 3, Texas Election Code (Article 1.03, Vernon's Texas Election Code) and to make such interpretations and administrative rulings available to any person upon request.

(5) Not later than the fifth day before each applicable deadline, the Secretary of State shall notify each person responsible for filing sworn statements with the Secretary under Section 243 of this code (Article 14.07, Vernon's Texas Election Code) of the deadline for filing a statement.

(6) After January 1 of each year, the Secretary of State shall submit to the Governor and members of the legislature a report with respect to the preceding calendar year containing:

(A) each interpretation, ruling, or opinion issued under Subdivision (4) of this subsection;

(B) a statement of each violation of this chapter that has been reported to the Secretary of State and referred to the appropriate official for prosecution;

(C) a statement of any difficulties encountered in the administration of this chapter; and
(D) any suggested legislation to conform this chapter to pertinent court decisions or interpretations, rulings, or opinions issued by the Secretary of State.

(H) Review of sworn statements.

(1) Periodically, the Secretary of State shall review the sworn statements filed with the Secretary under this chapter.

(2) If the Secretary of State determines that a person has failed to comply with this chapter, the Secretary shall notify the person by certified mail of the determination of noncompliance.

(3) The notice required by Subdivision (2) of this paragraph shall include a statement that the person notified must take the action necessary to comply with this chapter not later than the 30th day after the date the notice was mailed.

(4) The Secretary of State shall maintain a listing of those persons who fail to comply with Subdivision (3) of this paragraph. The listing is open to public inspection.

Article 14.14. Injunctions

The district courts of this state shall have jurisdiction to issue injunctions to enforce the provisions of this code upon application by any citizen of this state.

Article 14.15. Venue for Offenses

Venue for any offense resulting from a violation of this chapter shall lie exclusively in the county of residence of the accused, except when the accused is a nonresident of Texas, in which case venue shall lie in Travis County.

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APPENDIX A

MODEL CODE PROVISIONS

The Legislative Election Reform Act of 1985 is a comprehensive statutory amendment to the Political Reform Act of 1974 -- Government Code Sections 81000 et seq. Therefore, the Political Reform Act should be consulted for enforcement provisions (Sections 91000 et seq.), auditing provisions (Sections 90000 et seq.), regulatory authority of the FPPC (Sections 83111 et seq.), and definitions of such words as "contribution" (Section 82015), "committee" (Section 82013), "independent expenditure" (Section 82031), "loan" (Section 84216), and "person" (Section 82047).

The headnotes for each section are for informational purposes only and are not part of the actual statutory language.

SECTION 1. Chapter 5 is added to Title 9 of the Government Code as follows:

CHAPTER 5

LEGISLATIVE ELECTION REFORM ACT OF 1985

Article 1 - Findings and Purposes

85100. Title. This chapter shall be known as the Legislative Election Reform Act of 1985.

85101. Findings and Declarations. The people find and declare each of the following:

a. Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of candidates.

b. Campaign spending for California legislative campaigns is escalating to dangerous levels. The average legislative race cost over \$500,000 in 1984. Million dollar electoral contests for seats which pay \$33,000 a year are increasingly common.

c. The rapidly increasing costs of political campaigns have forced many legislative candidates to raise larger and larger sums of money from statewide interest groups with a specific financial stake in matters before the legislature. This has caused the serious public perception that legislators' votes are being improperly influenced by monetary contributions. This perception is undermining the credibility and integrity of the legislature and the governmental process.

d. The average legislative candidate now raises over 90% of his campaign contributions from sources outside his own district. This has caused the growing public perception that legislators are less interested in the problems of their own constituents than the problems of wealthier statewide contributors.

e. Legislative candidates are raising less money in small contributions, and more money in large individual and organizational contributions. This has created the public impression that the average small contributor has an insignificant role to play in political campaigns.

f. High campaign costs are forcing legislators to spend more time on fundraising, and less time on the public's business. The constant pressure to raise contributions is distracting legislators from urgent legislative matters.

g. High campaign costs are forcing legislators to raise large amounts of money in off-election years. This fundraising distracts legislators from important public matters, and gives them an unfair fundraising advantage over potential challengers.

h. Incumbents are raising far more money than challengers. In the 1982 general election, incumbents in contested elections outspent their challengers by an 8-to-1 ratio and won 94% of their contests. In 1983, a non-election year, incumbent legislators raised \$14.3 million while their challengers raised less than \$50,000. In 1984, out of 100 legislative races in the primary and general elections, only two incumbents were defeated. The fundraising advantages of incumbency are diminishing electoral competition between incumbents and challengers.

i. Public confidence in legislative officials, the legislative process and the competitiveness of campaigns is diminishing.

85102. Purpose of this Chapter. The people enact this Act to accomplish the following purposes:

a. To ensure that individuals and interest groups in our society have a fair and equal opportunity to participate in the elective and legislative processes.

b. To reduce the influence of large contributors with a specific financial stake in matters before the legislature, thus countering the perception that legislation is influenced more by the size of contributions than the merits of legislation.

c. To limit overall expenditures in legislative campaigns.

d. To provide a clean source of campaign financing by allowing individual taxpayers voluntarily to dedicate a portion of their state taxes to defray partially the costs of legislative campaigns.

e. To increase the importance of in-district contributions.

f. To increase the importance of smaller contributions.

g. To decrease the importance of off-year fundraising.

h. To reduce excessive fundraising advantages of incumbents and thus encourage competition for elective office.

i. To allow candidates and legislators to spend a lesser proportion of their time on fundraising, and a greater proportion of their time discussing important legislative issues.

j. To improve the disclosure of contribution sources in reasonable and effective ways.

k. To ensure that candidates are able to raise enough money to communicate their views and positions adequately to the public, thereby promoting public discussion of the important issues involved in political campaigns.

l. To restore public trust in our legislative and electoral institutions.

Article 2 - Definitions

85200. Interpretation of this Chapter. Unless the term is specifically defined in this chapter or the contrary is stated or clearly appears from the context, the definitions set forth in the Political Reform Act of 1974 (Government Code Sections 81000 et seq.) shall govern the interpretation of this chapter.

85201. Legislative Caucus Committee. "Legislative caucus committee" means a committee controlled by the caucus of each political party of each house of the legislature. Each party of each house may establish one of these committees which shall not be considered to be candidate-controlled committees. A "legislative caucus committee" shall only make contributions to candidates running for an office in its house.

85202. Multi-Member Political Action Committee. "Multi-member political action committee" means any committee which meets all of the following criteria:

- a. all the contributions it receives are under \$50;
- b. it has been in existence six months; and
- c. it contributes to at least five candidates.

85203. Qualified Campaign Expenditure.

a. "Qualified campaign expenditure" for legislative candidates includes all of the following:

1. Any expenditure made by a candidate for legislative office, or by a committee controlled by such a candidate, for the purpose of influencing or attempting to influence the actions of the voters for or against the election of any candidate for legislative office.
2. Any transfer of anything of value made by the legislative candidate's controlled committee to any other committee, including a legislative caucus committee.
3. A non-monetary contribution provided at the request of or with the approval of the

legislative candidate, legislative officeholder, or committee controlled by the legislative candidate or legislative officeholder.

4. That portion of a slate mailing or other campaign literature produced or authorized by more than one legislative candidate which is the greater of the cost actually paid by the committee or controlled committee of the legislative candidate or the proportionate share of the cost for each such candidate. The number of legislative candidates sharing costs and the emphasis or space devoted to each such candidate shall be considered in determining the attributable cost to each such candidate.

b. The term "qualified campaign expenditure" does not include any payment if it is clear from the surrounding circumstances that it was not made for political purposes.

Article 3 - Contribution Limitations

85300. Limitations on Contributions From Persons, PACs, Caucuses, and Political Parties.

a. No person, including an individual, committee, corporation, labor union, business entity, or non-profit organization, shall make, and no candidate for legislative office, controlled committee of such a candidate, or any committee, legislative caucus, or political party, supporting or opposing such a candidate shall accept from such sources, a contribution or contributions totaling more than \$1,000 for each of the following: a primary election, a general election, a special election or a special runoff election.

b. No multi-member political action committee, as defined in Section 85202, shall make, and no candidate for legislative office or controlled committee of such a candidate, shall accept from such a committee, a contribution or contributions totaling more than \$5,000 for each of the following: a primary election, a general election, a special election or a special runoff election.

c. No legislative candidate or controlled committee of such a candidate shall accept a contribution or contributions totaling more than an aggregate of \$50,000 in a general election or special runoff election from a legislative caucus

committee and/or a political party. No legislative caucus committee or political party shall make a contribution to a legislative candidate running in a primary election or special election. [See Section 85303(a), second sentence.]

85301. Seed Money. The limitations in Section 85300 shall not apply to contributions to a candidate for legislative office until the candidate has raised \$35,000. Contributions received at any time, including the off-election year, shall be applied to the \$35,000 seed money threshold.

85302. Limitations on Contributions from Non-Individuals. No more than a total of \$35,000 in the case of an Assembly candidate, and a total of \$50,000 in the case of a Senate candidate, for either a primary, general, special or special runoff election shall be accepted in contributions from non-individuals by any candidate or controlled committee of such a candidate. Contributions from political parties and legislative caucuses shall be exempt from this provision.

85303. Prohibition on Transfers.

a. No candidate and no committee controlled by a candidate or candidates for legislative office or controlled by a legislator or legislators, other than a legislative caucus committee or political party, shall make any contribution to a candidate running for legislative office or any committee supporting such a candidate. [For discussion: Commencing in 1991, no legislative caucus committee shall make any contribution to a candidate running for legislative office or any committee supporting such a candidate.]

b. This section shall not prohibit a candidate from making a contribution from his or her own personal funds to himself or herself, or to another candidate for legislative office.

85304. Off-Year Limitations. No person shall make, and no legislative candidate or legislator or any controlled committee of such a candidate or legislator shall accept a contribution or contributions of more than \$100 in any year other than the year in which the legislative candidate or legislator is running for legislative office.

85305. Return of Contributions. A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and in addition is returned to the donor within fourteen (14) days of receipt.

85306. Aggregation of Contributions. For purposes of the contribution limitations in Sections 85300-85304:

a. All contributions made by a person or multi-member political action committee whose contributions or expenditure activity is financed, maintained, or controlled by any corporation, labor organization, association, political party, or any other person or committee, including any parent, subsidiary, branch, division, department or local unit of the corporation, labor organization, association, political party, or any other person, or by any group of such persons shall be considered to be made by a single person, committee or multi-member political action committee.

b. Two or more corporations shall be treated as one person when such corporations:

1. Share the majority of members of their boards of directors;
2. Share two or more corporate officers;
3. Are owned or controlled by the same majority shareholder or shareholders;
4. Are in a parent-subsidary relationship.

c. An individual and any general partnership in which the individual is a partner, or an individual and any corporation in which the individual owns a controlling interest, shall be treated as one person.

d. No committee which supports or opposes a candidate for legislative office shall have as officers individuals who serve as officers on any other committee which supports or opposes the same candidate. No such committee shall act in concert with, or solicit or make contributions on behalf of, any other committee.

85307. Loans.

a. A loan shall be considered a contribution from the maker or guarantor of the loan and shall be subject to the contribution limitations of this chapter.

b. Every loan to a candidate or the candidate controlled committee shall be by written agreement and shall be filed with the candidate's or committee's campaign statement on which the loan is first reported.

c. The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public shall not be subject to the contribution limits of this chapter.

d. Extensions of credit for a period of more than thirty (30) days are subject to the contribution limitations of this chapter.

85308. Family Contributions.

a. Contributions by a husband and wife shall be treated as separate contributions and shall not be aggregated.

b. Contributions by children under 18 shall be treated as contributions by their parents and attributed to both parents.

85309. Candidate for Statewide or Local Office. The contribution limitations shall not apply to any contributions to a candidate for legislative office where such contributions are made to support the candidate's campaign for a statewide or local elective office, and the following conditions are met:

a. A separate committee and account for the non-legislative office being sought shall be established for the receipt of all contributions and the making of all expenditures in connection with the non-legislative office;

b. The contributions to be exempted from the contribution limitations in this chapter are made directly to this separate committee's account; and

c. No expenditures from such an account shall be made to support the legislative candidate's campaign, or any other candidate's campaign for legislative office.

85310. One Checking Account. A legislative candidate shall have no more than one campaign committee and one checking account out of which all expenditures shall be made.

Article 4 - Expenditure Limitations

85400. Expenditure Limitations for Assembly Candidates. No candidate for State Assembly who files a statement of acceptance of financing from the Campaign Reform Fund, or any controlled committee of such a candidate, shall make qualified campaign expenditures above the following amounts:

- a. \$175,000 in a primary election;
- b. \$225,000 in a general, special, or special runoff election.

85401. Expenditure Limitations for State Senate Candidates. No candidate for State Senate who files a statement of acceptance of financing from the Campaign Reform Fund, or any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

- a. \$275,000 in a primary election;
- b. \$350,000 in a general, special or special runoff election.

85402. Primary Candidates Who Exceed Expenditure Limitations. If a candidate in the primary election who declines to accept payments from the Campaign Reform Fund makes qualified campaign expenditures in excess of the expenditure limits, the expenditure limitation shall no longer be applicable to the other candidates who seek the party nomination for the same seat. In addition, such opponents shall be permitted to raise an additional \$35,000, free of contribution limitations, in accordance with Section 85301.

85403. General, Special or Special Runoff Election Candidates Who Exceed Expenditure Limitations. If a candidate in the general, special or special runoff election makes qualified campaign expenditures in excess of the expenditure limits, the expenditure limitations shall no longer be

applicable to other candidates running for the same seat in the general, special or special runoff election. In addition, such opponents shall be permitted to raise an additional \$35,000, free of contribution limitations, in accordance with Section 85301.

85404. Non-Monetary Contributions Considered Qualified Expenditures. A non-monetary contribution in support of a candidate shall be considered a qualified campaign expenditure of the candidate for purposes of the limitations on expenditures.

85405. Notification by Candidate Who Exceeds Expenditure Limitations. A candidate who exceeds the expenditure limitations shall notify all opponents and the Commission by telegram on the day the expenditure limitations are exceeded.

85406. Time Periods for Primary Expenditures and General Election Expenditures. For purposes of the expenditure limitations, qualified campaign expenditures made at any time before June 30 of the election year shall be considered primary expenditures, and qualified campaign expenditures made from July 1 until December 31 of the election year shall be considered general election expenditures. Qualified campaign expenditures made at any time after the seat has become vacant and up through the date of the election shall be considered expenditures in a special election, and qualified campaign expenditures made after the special election and up through fifty-eight (58) days after the special runoff election shall be considered expenditures in a special runoff election. However, in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period when they are used. Payments for goods or services used in both time periods shall be prorated.

Article 5 - Campaign Reform Fund

85500. Candidate Acceptance or Rejection of Funds. Each candidate for legislative office, at the time of filing his or her Declaration of Candidacy, shall file a statement of acceptance or rejection of financing from the Campaign Reform Fund. If a candidate agrees to accept financing from the Campaign Reform Fund, the candidate shall comply with the

provisions of Article 4 of this Act. A candidate who agrees to accept financing from the Campaign Reform Fund may not change that decision. A candidate who does not agree to accept such financing shall notify all opponents and the Commission by telegram on the day such a candidate spends more than \$35,000 in qualified campaign expenditures.

85501. Qualification Requirements. In order to qualify to receive payments from the Campaign Reform Fund, a candidate shall meet the following requirements:

a. The candidate has raised at least \$20,000 in contributions of \$1,000 or less if running for the Assembly, or at least \$30,000 in contributions under \$1,000 if running for the Senate. Only contributions received after the Declaration of Candidacy is filed may be counted for the above threshold.

b. In the primary election, the candidate is opposed by a candidate running for the same nomination or the nomination of any other party for the same seat who has qualified for payments from the Campaign Reform Fund or has spent at least \$35,000.

c. In the general election, the candidate is opposed by a candidate who has qualified for payments from the Campaign Reform Fund or has spent at least \$35,000.

d. For purposes of this section, a loan, a pledge, or a non-monetary contribution shall not be considered a contribution.

85502. Campaign Reform Fund Formula. A candidate who is eligible to receive payments from the Campaign Reform Fund shall receive payments on the basis of the following formula:

a. For a contribution of \$250 or under from a single source received after a Declaration of Candidacy is filed, a matching ratio of three dollars (\$3) from the Campaign Reform Fund for each dollar received.

b. For a contribution of \$250 or under from a single source who is a registered voter in the candidate's district and whose contribution is made after the candidate's Declaration of Candidacy is filed, a matching ratio of five dollars (\$5) from the Campaign Reform Fund for each dollar received.

c. For purposes of this section, a loan, a pledge, or a non-monetary payment shall not be considered a contribution.

85503. Candidate Request for Payment. The Commission shall determine the information needed to be submitted to qualify for payment from the Campaign Reform Fund. A candidate may not request less than \$10,000 in payments at any one time from the Campaign Reform Fund; provided, however, that in the fourteen (14) days preceding an election, a candidate may not request less than \$5,000 in such payments.

85504. Maximum Funds Available to Candidate. No candidate shall receive payments from the Campaign Reform Fund in excess of the following amounts:

a. For an Assembly candidate, \$87,500 in the primary election and \$112,500 in the general, special or special runoff election.

b. For a Senate candidate, \$137,500 in the primary election and \$175,000 in the general, special or special runoff election.

85505. Timing of Payments to Candidates. The Controller shall make payments from the Campaign Reform Fund in the amount certified by the Commission. Payments shall be made no later than three (3) business days after receipt of the request by the candidate.

85506. Surplus Funds. Surplus funds remaining after all obligations are met by the candidate shall be returned to the Campaign Reform Fund after the general election based on a ratio of the public funds received by a candidate compared to the private funds raised by the candidate for each election.

Article 6 - Independent Expenditures

85600. Independent Expenditures for Mass Mailings.

a. Any person, other than a political party, which makes independent expenditures for a mass mailing which supports or opposes any candidate for legislative office shall put the following statement on the mailing:

NOTICE TO VOTERS
(Required by State Law)

This mailing is not authorized or approved by any legislative candidate, party or election official.

It is paid for by _____.
(name)

Address, City, State

b. The statement required by this section shall appear on the envelope and each page or fold of the mass mailing in at least 10-point type, not subject to the half-tone or screening process, and in a printed or drawn box set apart from any other printed matter.

85601. Contribution Limitations. Any person who makes independent expenditures shall not accept any contribution in excess of the amounts set forth in Section 85300(a).

85602. Limitations on Person Who Makes Independent Expenditures and Contributions to Candidates. Any person who makes a contribution of one hundred dollars (\$100) or more to a candidate for legislative office at any time after the candidate has filed for office shall be considered to be acting in concert with that candidate and shall not make independent expenditures and contributions in excess of \$1,000 per election in support of that candidate or in opposition to that candidate's opponent.

85603. Reproduction of Materials. Any person who reproduces, broadcasts or distributes any material which is drafted, printed, prepared or previously broadcast by a legislative candidate or a committee controlled by such a candidate shall report such an expenditure as a non-monetary contribution to such candidate or committee.

Article 7 - Agency Responsibilities

85700. Duties of the Fair Political Practices Commission. The Fair Political Practices Commission, in addition to its responsibilities set forth in Sections 83100 et seq., shall also:

a. Adjust the expenditure limitations, contribution limitations, and public financing provisions in January of every even-numbered year to reflect any increase or decrease in the Consumer Price Index. Such adjustments shall be rounded off to the nearest hundred for the limitations on contributions and the nearest thousand for the limitations on expenditures and the public financing provisions;

b. Prescribe the necessary forms for filing the appropriate statements; and

c. Verify the requests for payment for Campaign Reform Funds.

85701. Duties of the Franchise Tax Board. The Franchise Tax Board shall audit each candidate who has received payments from the Campaign Reform Fund in accordance with the procedures set forth in Sections 90000 et seq.

SECTION 2. Chapter 18.6 (commencing with Section 18775) is added to Part 10 of Division 2 of the Revenue and Tax Code, to read:

CHAPTER 18.6

CAMPAIGN REFORM FUND DESIGNATION

18775. Tax Checkoff. Every individual whose income tax liability for any taxable year is twenty dollars (\$20) or more may designate an amount up to twenty dollars (\$20) of that tax liability to be deposited into the Campaign Reform Fund. In the case of a joint return of husband and wife having an income tax liability of forty dollars (\$40) or more, each spouse may designate that an amount up to twenty dollars (\$20) of that tax liability shall be paid to the fund. Taxpayer designations of funds shall not increase that taxpayer's tax liability. Money in this fund shall be available for distribution in accordance with the provisions of Chapter 5 of Title 9, commencing with

Section 85100 of the Government Code.

SECTION 3. Section 83122.5 is added to the Government Code to read:

83122.5. Appropriation to Fair Political Practices Commission. There is hereby appropriated from the Campaign Reform Fund to the Fair Political Practices Commission a sum of \$500,000, adjusted for cost of living changes, during each fiscal year, for expenditures to support the operations of the Commission to carry out its responsibilities pursuant to the Legislative Elections Reform Act. The expenditure of funds under this appropriation shall be subject to the normal administrative review given to other state appropriations. The Legislature shall appropriate additional amounts to the Commission and other agencies as may be necessary to carry out the provisions of this title.

SECTION 4. Section 91005 of the Government Code is amended to read:

91005. Civil Liability for Campaign Violations.

a. Any person who makes or receives a contribution, payment, gift or expenditure in violation of Section 84300, 84304, 85300, 85301, 85302, 85303, 85304, 85400, 85401, 85405, 85500, 85501, 85502, 85504, 85506, 85600, 85601, 85602, 85603, 86202, 86203 or 86204 is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to one thousand dollars (\$1,000) or three times the amount of the unlawful contribution, gift or expenditure, whichever is greater.

b. Any designated employee or public official specified in Section 87200 other than an elected state officer, who realizes an economic benefit as a result of a violation of Section 87100 or of a disqualification provision of a Conflict of Interest Code is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to three times the value of the benefit.

SECTION 5. Section 84105 is added to the Government Code to read:

84105. Identification of Committees. The name of any committee shall include, or be accompanied by the name of any individual, entity or other person by which the committee is controlled. Any committee required to file a statement of organization shall amend its statement to comply with this section within thirty (30) days of the effective date of this Act.

SECTION 6. Section 84302.5 is added to the Government Code to read:

84302.5. Definition of Intermediary. A person is an intermediary for a contribution if he or she delivers to a candidate or committee a contribution from another person unless such contribution is from the person's employer or from an association to which the person belongs. No person who is the treasurer of the committee to which the contribution is made or is the candidate who controls the committee to which the contribution is made shall be an intermediary for such a contribution.

SECTION 7. Section 87211 is added to the Government Code to read:

87211. Limitations on Honoraria Payments. No legislator or legislative candidate shall receive a honorarium payment of over \$1,000 per calendar year from any person.

SECTION 8. Severability Clause. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of this Act to the extent it can be given effect, or the application of those provisions to persons or circumstances other than those as to which it was held invalid, shall not be affected thereby, and to this end, the provisions of this Act are severable.

SECTION 9. Legislative Amendments. (If an initiative measure.) The provisions of Section 81012 of the Government Code which allow legislative amendments to the Political Reform Act of 1984 shall apply to the provisions of this Act.



OFFICE OF THE SECRETARY OF STATE

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MARCH, 1984

POLITICAL FUNDS REPORTING AND DISCLOSURE DIRECTIVE

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CHAPTER 1. INTRODUCTION.

§1.01. Purpose. This directive is promulgated in fulfillment of the responsibility of the secretary of state in accordance with TEX. ELEC. CODE ANN. arts. 1.03, 14.13 (Vernon Supp. 1984-1985). Subdivision 1 of Article 1.03 assigns responsibility to the secretary of state to "obtain and maintain uniformity in the application, operation and interpretation of the election laws." Article 14.13(G)(4) requires the secretary of state to interpret and administer the provisions of the Campaign Reporting and Disclosure Act and to make such interpretations and administrative rulings available to any person upon request.

§1.02. Summary. Chapter 14 of the Texas Election Code (Articles 14.01 through 14.15), as amended, places public disclosure requirements upon candidates for public office, political committees, officeholders and other persons. These requirements include the following:

- (a) Filing written designations of campaign treasurers.
- (b) Keeping accurate records of all transactions which could potentially become reportable under Chapter 14.
- (c) Filing sworn statements including necessary information with the appropriate officials at required times.
- (d) Identifying the nature and source of political advertisements.

NOTE: Chapter 14 has been significantly amended by the following:

- H.B. 4, 63rd Legislature (1973)
- H.B. 4, 64th Legislature (1975)
- S.B. 451, 65th Legislature (1977)
- H.B. 1903, 67th Legislature (1981)
- H.B. 2154, 68th Legislature (1983)

§1.03. Applicability.

- (a) The provisions of Chapter 14 pertaining to campaign contributions and expenditures are applicable to every campaign to nominate or elect a candidate to public office in the State of Texas or to approve or reject a measure in an election in this state.
- (b) Campaigns for individuals seeking a federal office, a party office, or the office of presidential elector are not subject to the reporting requirements of Chapter 14.
- (c) Candidates for federal office must file copies of any reports required by federal law with the Texas Secretary of State. [article 14.07(H)(7)]

- (d) The provisions concerning political advertising are applicable to elections for political party offices and to all elections, other than for federal offices.
- (e) The requirements imposed on office-holders apply to every individual who serves in a public office in Texas but do not apply to those holding a federal office, a political party office or the office of presidential elector.

§1.04. Corresponding Statutes. The provisions of this directive should be read in conjunction with the following statutes:

Ethics and Financial Disclosure Act, TEX. REV. CIV. STAT. ANN. art. 6252-9b (Vernon Supp. 1984-1985)

Lobby Control Act, TEX. REV. CIV. STAT. ANN. art. 6252-9c (Vernon Supp. 1984-1985)

Chapter 36 of the Penal Code, TEX. PENAL CODE ANN. §§ 36.01-36.10 (Vernon Supp. 1984-1985)

Chapter 39 of the Penal Code, TEX. PENAL CODE ANN. §§39.01-39.04 (Vernon Supp. 1984-1985)

State Ethics Advisory Commission Act, TEX. REV. CIV. STAT. ANN. art. 6252-9d (Vernon Supp. 1984-1985)

Tax implications, if any, under the Internal Revenue Code have not been considered or discussed.

CHAPTER 2. DEFINITIONS.

§2.01. Introduction. Chapter 14 contains definitions which have been adopted with particular statutory meanings applicable only to Chapter 14. In many cases, these definitions may differ from accepted or common usage and the definitions in other statutes.

§2.02. Example of Chapter 14 Statutory Definition that Differs From Common Usage. The word "person" is defined in article 14.01(N) as:

An individual, corporation, partnership, labor union or labor organization, or any unincorporated association, firm, committee, club, or other organization or group of persons including any group of persons associated with a political party or element thereof.

§2.03. Statutory Terms Defined in Chapter 14. Chapter 14 definitions of statutory terms include the following:

✓ (a) CANDIDATE. [article 14.01(A)]

"Candidate" is defined as any person who has knowingly and willingly taken affirmative action for the purpose of seeking nomination or election to any public office which is required by law to be determined by an election. Some examples of affirmative action are:

1. Filing of application for a position on a ballot.
2. Filing of application for nomination by a convention under Section 224a of this code (article 13.47a, Vernon's Texas Election Code).
3. Independent candidate's declaration of intent under Section 224a of this code [sic] (article 13.50, Vernon's Texas Election Code).
4. Public announcement of a definite intent to run for office at a particular election, either with or without designating the specific office to be sought.
5. Statement of definite intent and solicitation of support through letters or other modes of communication, prior to a public announcement.
6. Solicitation of or acceptance of a contribution for use in a future election.
7. Seeking the nomination of an executive committee of a political party to fill a vacancy pursuant to Section 233 of this code (Article 13.56(b), Vernon's Texas Election Code).

8. Filing of a designation of a campaign treasurer.

(b) OFFICE-HOLDER. [article 14.01(B)]

"Office-holder" is defined as any person serving in a public office as defined in Chapter 14 and any other constitutionally designated member of the Executive Department.

(c) CORPORATION. [article 14.01(C)]

"Corporation" is defined as every organization organized or operating under authority of the Texas Business Corporation Act or the Texas Non-Profit Corporation Act, any corporation or association organized by authority of any law of Congress or of any other state or nation than Texas, national, state, private or unincorporated banks, trust companies, building and loan associations or companies, insurance companies, reciprocal or interinsurance exchanges, railroad companies, cemetery companies, cooperatives, abstract and title insurance companies, and stock companies. However, any political committee whose only principal purpose is to accept contributions and to make expenditures, as defined in this section, shall not be deemed to be a corporation under the provisions of this chapter if such committee is incorporated for liability purposes only. Incorporation of a political committee shall not relieve any person of any liability, duty, or obligation created pursuant to any provision of the Texas Election Code.

(d) CONTRIBUTION. [article 14.01(D)]

"Contribution" is defined as: (1) any advance, loan, deposit or transfer of funds, goods, services or any other thing of value, or any contract or obligation, whether enforceable or unenforceable, to transfer any funds, goods, services, or anything of value to any candidate, or political committee, which advance or other such item is involved in an election; providing that an individual or group of persons is involved in an election upon the receipt of a contribution or the making of an expenditure which was given or made and received with the intent that it be used or held for some election and that the receipt of or making of the contribution or expenditure may occur before, during, or after an election; or as (2) any advance, deposit or transfer of funds, goods, services or anything of value or creation of any contract or obligation, enforceable or unenforceable, to transfer any funds, goods, services, or anything of value knowingly accepted by any office-holder for the purpose of assisting such person in the performance of duties or activities in

connection with the office which are nonreimbursable by the state or political subdivision. "Contribution" does not include an honorarium to a public servant that is excluded from the application of penal sanction by Section 36.10(3) of the Penal Code.

(e) EXPENDITURES. [article 14.01(E)]

"Expenditures" is defined as any payments made or obligations incurred (1) by a candidate, or political committee, when such payments or obligations are involved in an election; or (2) by an office-holder, when such payments are made in the performance of duties or activities in connection with the office which are nonreimbursable by the state or the political subdivision.

(f) ELECTION. [article 14.01(F)]

"Election" is defined as any election held to nominate or elect a candidate to any public office. It shall also include any election at which a measure is submitted to the people.

(g) PUBLIC OFFICE. [article 14.01(G)]

"Public office" is defined as any office created by or under authority of the laws of this state, that is filled by the voters.

(h) STATE OFFICE. [article 14.01(H)]

"State office" is defined as any public office of the state government which is to be filled by the choice of the voters of the entire state, except presidential electors.

(i) DISTRICT OFFICE. [article 14.01(I)]

"District office" is defined as any public office of the state government, less than statewide, which is to be filled by the choice of the voters residing in more than one county, and the offices of State Senator, State Representative, and State Board of Education.

(j) COUNTY OFFICE. [article 14.01(J)]

"County office" is defined as any public office of the state or county government which is to be filled by the choice of the voters residing in only one county or less than one county, except for those offices specifically enumerated as district offices above.

(k) MUNICIPAL OFFICE. [article 14.01(K)]

"Municipal office" is defined as any public office of any incorporated city, town, or village which is to be filled by the choice of the voters.

(l) OFFICE OF A POLITICAL SUBDIVISION. [article 14.01(L)]

"Office of a political subdivision" is defined as any public office of any political subdivision of this state which is organized as a body politic and has a governing board or body, except counties, cities, towns and villages, which is to be filled by the choice of the voters residing in that subdivision.

(m) MEASURE. [article 14.01(M)]

"Measure" is defined as any proposal submitted to the people for their approval or rejection at an election, including any proposed law, Act or part of an Act of the legislature, revision of or amendment to the constitution, local, special, or municipal legislation or proposition or ballot question.

(n) PERSON. [article 14.01(N)]

"Person" is defined as an individual, corporation, partnership, labor union or labor organization, or any unincorporated association, firm, committee, club, or other organization or group of persons including any group of persons associated with a political party of element thereof.

(o) POLITICAL COMMITTEE. [article 14.01(O)]

"Political committee" is defined as any group of persons (1) formed to collect contributions or make expenditures in support for or in opposition to a candidate or candidates, whether presently identifiable or not, or a measure or measures, whether presently identifiable or not, on a ballot in a public election; or (2) formed to collect contributions or make expenditures for office holders whether presently identifiable or not.

(p) SPECIFIC PURPOSE POLITICAL COMMITTEE. [article 14.01(P)]

"Specific purpose political committee" is defined as: (1) any political committee which accepts only contributions and/or makes only expenditures in support for or in opposition to candidates who are identifiable and for whom the office(s) to be sought are known and any political committee only accepting contributions and/or

making expenditures in support for or in opposition to measures which are identifiable; or (2) any political committee which accepts only contributions and/or makes only expenditures in assisting identifiable office-holders.

(q) GENERAL PURPOSE POLITICAL COMMITTEE. [article 14.01(Q)]

"General purpose political committee" is defined as: (1) any political committee which accepts contributions and/or makes expenditures in support for or in opposition to candidates who are indefinite in identity or for whom the office(s) to be sought are unknown and any political committee which accepts contributions and/or makes expenditures in support for or in opposition to measures which are indefinite in identity; or (2) any political committee which accepts contributions and/or makes expenditures in assisting office-holders, who are not identified.

(r) POLITICAL ADVERTISING. [article 14.01(R)]

"Political advertising" is defined as anything in favor of or in opposition to any candidate for public office or office of a political party, or in favor of or in opposition to any political party, or in favor of or in opposition to the success of any public officer, or in favor of or in opposition to any measure submitted to a vote of the people, which is communicated in any of the following forms:

- (1) anything published in a newspaper, magazine, or journal or broadcast over a radio or television station in consideration of money or other thing of value; or
- (2) any handbill, pamphlet, circular, flier, commercial billboard sign, bumper sticker, or similar printed material

The term does not include nonpolitical letterheads, ordinary printed invitations to and tickets for fund-raising events or other affairs, campaign pins, buttons, fingernail files, matchbooks, emblems, hats, pencils, and similar materials.

(s) LABOR ORGANIZATION. [article 14.06(B)]

"Labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

(t) POLITICAL COMMITTEE NOT IN THIS STATE. [article
14.07(G)]

"Political committee not in this state" means any political committee expending 80 percent or more of its expenditures in any combination of elections outside of this state and federal offices not voted on in this state within the immediately preceding twelve-month period.

CHAPTER 3. CONTRIBUTIONS AND EXPENDITURES.

§3.01. Introduction. An individual or organization may benefit a candidate, office-holder, or political committee by donating a personal service or something of value directly to the recipient, or may benefit the person indirectly by making a payment to a third party such as by the purchase of a political advertisement directly from a newspaper. Certain of these transactions must be publicly disclosed under Chapter 14.

§3.02. Contribution. The term "contribution", as defined in Chapter 14, encompasses two types of purposes for such transactions. Election-related contributions are defined in article 14.01(D)(1). Office-holder contributions are defined in article 14.01(D)(2).

(a) Form. A contribution may be in the form of:

- (1) an advance,
- (2) loan*,
- (3) deposit or transfer of funds, goods, services, or any other thing of value,
- (4) a contract to transfer funds, goods, services, or any other thing of value whether enforceable or unenforceable.

* NOTE: A loan to an office-holder for the purpose of assisting him in the performance of duties or activities in connection with the office which are nonreimbursable by the state or political subdivision is not a reportable contribution under Chapter 14. [art. 14.01(D)(2)]

(b) Timing. A contribution may be made before, during, or after an election.

(c) Restrictions Applicable to Contributions.

- (1) Cash: It is unlawful for a person other than a general purpose political committee to accept a single contribution from a person in the form of cash that exceeds \$100. [article 14.03a]

NOTE: This restriction does not constitute a maximum contribution limit; it applies only to a transfer of currency in a single transaction. Because contributions are required to be reported by date, no more than \$100 in currency should be accepted from a person on a given date.

- (2) Contribution to or for Certain Candidates: It is unlawful for a political committee to make a contribution or an expenditure in support of or in opposition to a candidate for a state or district

office in a primary or general election unless the committee's designation of campaign treasurer has been filed before the 30th day preceding the appropriate election day. [article 14.02(F)(2)]

- (3) Contributions to Certain Office-holders: During a period beginning on the 30th day before a regular session of the legislature is convened and continuing through the day of final adjournment, it is unlawful to make a contribution to a person who holds state office or is a member of the legislature, or to a specific purpose political committee supporting either. It is also unlawful for a person who holds state office or is a member of the legislature or for a specific purpose political committee supporting either to accept a contribution during this period. [article 14.03b]

NOTE: This provision does not prohibit the making and accepting of contributions during a special session of the legislature, unless the special session occurs within the 30 day period before a regular session.

- (4) Personal Use of Contributions: A contribution accepted on or after September 1, 1983 by a candidate or office-holder may not be converted to personal use. [article 14.03d]

NOTE: Chapter 14 does not prohibit conversion to personal use of contributions accepted before September 1, 1983, provided that such contributions are not commingled with contributions accepted on or after September 1, 1983.

Penal Code provisions may also apply to the acceptance for personal use of benefits by an office-holder from certain persons subject to the jurisdiction of the office-holder, even if the transaction occurred before September 1, 1983. [See Chapter 36, Texas Penal Code]

Chapter 14 does not prohibit conversion to personal use by a political committee of contributions accepted at any time by such committee.

- (5) Disposition of Unexpended Contributions: An individual may retain contributions accepted under Chapter 14 for six years after he or she is no longer an office-holder or candidate, pending any future candidacy. If the individual does not become a candidate or office-holder within the six-year period, he or she must dispose of any unexpended contributions in a manner prescribed by

law and report the disposition by filing a sworn statement by the 30th day after the end of the six-year period. [article 14.07a]

NOTE: The requirement to dispose of unexpended contributions does not apply to contributions accepted before September 1, 1983, provided that such contributions are not commingled with contributions accepted on or after September 1, 1983.

§3.03. Expenditures. The term "expenditures" as defined in Chapter 14 encompasses two types of purposes for such transactions. Election-related expenditures are defined in article 14.01(E)(1). Office-holder expenditures are defined in article 14.01(E)(2).

§3.04. Benefits Not Reportable as Contributions or Expenditures Under Chapter 14.

- (a) Personal Services. An individual may donate his or her own personal services and personal traveling expenses to aid or defeat any candidate or measure if he or she is not compensated or reimbursed. Such services and expenses do not constitute contributions or expenditures and therefore are not required to be reported by either the individual or candidate. [article 14.03(B)]
- (b) Individuals Expending \$100 or Less. An individual not acting in concert with any other person may make direct expenditures* from his or her own funds to aid or defeat a measure, a candidate or slate of candidates, and such payments are not reportable if they do not in the aggregate exceed \$100 for any one election when the sum is not to be repaid. Such payments need not be reported by any person, including candidates, unless they constitute "contributions." If an individual's payments are to aid or defeat a slate of candidates in one election, the sum of all payments may not exceed \$100 if the individual wishes to avoid Chapter 14 reporting requirements. [article 14.03(A)]

* A "direct expenditure" means a payment for the labor, services, materials, or other items which are used or consumed in a campaign, as opposed to a payment to a political committee or candidate, where permitted.

- (c) Corporations or Labor Organizations Expending \$100 or Less. A corporation or labor organization not acting in concert with any other person may directly expend its own funds for the purpose of aiding or defeating a measure(s) and yet avoid reportability for such direct expenditures if such payments do not in the aggregate exceed \$100 for any one election when the sum is not to be repaid. Such payments need not be reported by any

person, unless they constitute contributions. [article 14.03(E)(2)]

- (d) Loans Made in the Due Course of Business. A loan made to any candidate, office-holder, or political committee for campaign or other lawful purposes by a corporation which is legally engaged in the business of lending money and which has conducted such business continuously for more than one year prior to the making of such loan is not a contribution under Chapter 14, provided that the loan is made in the due course of business. [See article 14.06(C)] Certain information about bank loans made in the due course of business must nevertheless be reported on the sworn statement covering that reporting period if any person(s) guaranteed or otherwise assisted in obtaining the loan. [article 14.07(C)(1)(d)] See §4.04(c)(1)(D).

NOTE: (1) For the purposes of Chapter 14, a loan made in the due course of business is one which is made in accordance with applicable banking laws and regulations; bears the usual and customary interest rate of the lending institution for the category of loan involved; assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

(2) A loan made in the due course of business under article 14.06(C) is distinguished from loans obtained from other persons. For example, a loan from an individual to a candidate which is made and received with the intent that it be used or held for some election must be reported by the candidate as a contribution from the person under Chapter 14. [See article 14.01(D)]

CHAPTER 4. DISCLOSURE REQUIREMENTS.

§4.01. Introduction. Persons subject to the requirements of Chapter 14 must maintain records, designate campaign treasurers and file sworn statements with appropriate officials at the required times.

§4.02. Keeping Records. Candidates, office-holders, political committees and other persons are required to maintain an accurate record of all transactions which could potentially become reportable under Chapter 14. [article 14.07(A)]

§4.03. Designating Campaign Treasurer.

- (a) General Rule. Before accepting any election-related contribution or making any election-related expenditure, every candidate, office-holder* and political committee must file a written designation of a campaign treasurer. [article 14.02(F)(1)] The filing of a designation of campaign treasurer is an affirmative act of candidacy which subjects an individual to the requirement to keep records and to file sworn statements under Chapter 14. [article 14.01(A)(8)]

* NOTE: An office-holder is not required to designate a campaign treasurer for the purpose of accepting office-holder contributions. [article 14.02(A)] See §5.01.

- (b) Where to File Campaign Treasurer Designation.

(1) The office or election involved determines the identity of the appropriate official with whom the designation must be filed by candidates and specific purpose political committees in accordance with the following categories [article 14.02]:

<u>Office/Election</u>	<u>Filing Authority</u>
State or District Office or Measure	Secretary of State
County Office or Measure	County Clerk
Municipal Office or Measure	City secretary/clerk
Other Political Subdivision Office or Measure	Secretary or clerk of governing body of political sub- division

(2) General purpose political committees file with the Secretary of State in all instances. [article 14.02(B)(1)]

NOTE:

(1) There is no requirement that the designation of campaign treasurer indicate the office for which one may become a candidate, and there is no fee for filing the designation of a campaign treasurer with any authority. [article 14.02(J)]

(2) A candidate may appoint himself or herself as campaign treasurer. [article 14.02(H)]

(3) The designation of a campaign treasurer is deemed to be timely filed if it is placed in the U.S. Post Office properly addressed to the appropriate filing officer within the time limits specified for the designation. The post mark will be prima facie evidence of the date that such statement was deposited with the post office. The person filing the designation may show by competent evidence that the actual date of posting was contrary to that shown by the post mark. [article 14.02(J)]

(c) Termination of Campaign Treasurer Appointment. The designation of a campaign treasurer continues in effect until one of the following occurs.

(1) Termination by Removal. Any campaign treasurer may be removed by the candidate or political committee at any time by the written appointment of a successor filed in the manner provided for the original designation. [article 14.02(E)]

(2) Termination by Resignation. The designated campaign treasurer files a written resignation with the same official with whom the original designation was filed and notifies the candidate or political committee by whom he or she was appointed. Alternatively, the designated campaign treasurer may notify the appointing candidate or committee of his or her resignation, and the appointing candidate or committee must in turn notify the official with whom the designation is filed.

NOTE: A political committee that has not appointed an assistant campaign treasurer in accordance with article 14.02(B)(2) must not accept contributions or make expenditures during a period between the date of termination by resignation of a campaign treasurer and the date of filing a new written designation of a successor campaign treasurer.

- (3) Termination by Law. Examples of termination by operation of law are death of the campaign treasurer and judicial declaration of incompetence.
- (4) Filing Final Statement. [article 14.07(H)(8)]

(A) Candidates. The designation of a campaign treasurer (and any assistant campaign treasurers) by an individual is for the duration of the campaign and extends for whatever further period of time is necessary to wind up the financial affairs of the particular campaign, and until all matters required to be reported are reported. Only one designation of a campaign treasurer is necessary for a campaign involving an individual who is on a political party's primary ballot, the party's runoff ballot, and on the general election ballot as the party's nominee for the office sought.

Unless previously terminated by one of the methods listed in paragraphs (1), (2), or (3) above, a campaign treasurer designation remains in effect until a final statement is filed relating to all elections for the term of office sought.

If a candidate in a prior campaign decides to again conduct a campaign for public office, a new designation of campaign treasurer must be filed before the acceptance of any contribution or the making of any expenditure for the new campaign. If a final sworn statement has not been filed for the prior campaign, and a designation of campaign treasurer is filed for the new campaign with the same authority with whom previous reports have been filed, a final sworn statement to terminate the financial affairs of the previous campaign must also be filed. In the event the candidate is also an office-holder and if there is no unpaid debt remaining from a previous campaign, if the final statement for the previous campaign has not yet been filed at the time of designation of the campaign treasurer for a future campaign by an office-holder, the statement due by the 15th day after the designation of campaign treasurer by the office-holder shall also constitute the final statement for the previous campaign.

(B) Specific Purpose Political Committees. Any specific purpose political committee is presumed to be formed for a single purpose. Therefore, the filing of a final statement for any campaign is presumed to terminate the status of campaign treasurer and the existence of the committee for the purposes of Chapter 14.

(C) General Purpose Political Committees. Campaign treasurer designations for general purpose political committees ordinarily do not terminate upon the close of campaigns for elections but remain effective until terminated by resignation, designation of a successor, operation of law, or dissolution of the committee by filing a statement of dissolution.

(d) Assistant Campaign Treasurers. Chapter 14 provides for two types of assistant campaign treasurers. The designation, duties, and liabilities of each type of assistant are discussed below.

(1) Assistant Campaign Treasurer Designated Under Article 14.02(B)(2).

(A) Who May Designate. Each specific purpose political committee in an election involving a state or district office or a statewide or district measure and each general purpose political committee may designate one assistant campaign treasurer to act in the absence of the campaign treasurer by written appointment filed with the Secretary of state. The appointment may be signed by the campaign treasurer or other authorized person.

(B) Duties and Liabilities. The assistant campaign treasurer designated under article 14.02(B)(2) may perform any duties of the campaign treasurer in the absence of the campaign treasurer, including the signing of sworn statements and the authorization of expenditures, and is subject to the same liabilities imposed on the campaign treasurer under article 14.07, paragraphs (I)(2), (J), and (K).

(2) Assistant Campaign Treasurers (County) Designated Under Article 14.02(B)(1).

(A) Who May Designate. Candidates for state or district offices and political committees involved in statewide or district elections may designate assistant campaign treasurers for each county affected by such candidacy or campaign by written appointment to be filed with the county clerk of said county or the secretary of state. The same rule applies to candidates for election to offices of political subdivisions and political committees in such elections where the political subdivision extends beyond the boundaries of one county.

(B) Duties and Liabilities. Assistant campaign treasurers (county) designated under article 14.02(B)(1) are not authorized to act in the absence of the campaign treasurer, and they are not subject to the same liabilities imposed on the campaign treasurer by Chapter 14. They are permitted by the statute to authorize expenditures [article 14.03(D)], but only the campaign treasurer may sign the required sworn statements.

NOTE: The primary purpose for the designation of an assistant campaign treasurer (county) within a county is to evidence the fact that there is an agent of an individual or political committee in that county.

- (3) Joint or Co-campaign Treasurers. Chapter 14 does not prohibit the designation of joint or co-treasurers. However, in the event of such designation, every required sworn statement must be signed by both joint or co-treasurers.

§4.04. Filing Sworn Statements of Contributions and Expenditures.

(a) Who Must File. [article 14.07(B)]

- (1) Each candidate whose name is printed on the ballot.
- (2) Each individual who has withdrawn as a candidate.
- (3) Each write-in candidate taking affirmative action.
- (4) Each political committee involved in an election concerning a candidate or measure.
- (5) Each office-holder.
- (6) Each political committee assisting an office-holder.
- (7) Each individual, corporation and labor organization expending over \$100 which is not a contribution. [article 14.03(A), (E)(2)]

NOTE: Each individual, corporation and labor organization not acting in concert with any other person and expending over \$100 which is not a contribution in an election must comply with all requirements of Chapter 14 as if the expending person were the campaign treasurer of a specific purpose political committee. These requirements include: keeping records, filing sworn state-

ment(s), and, where applicable, notifying candidates of expenditure activities on their behalf.

- (8) Each former office-holder who has unexpended contributions after the filing of the last required sworn statement. [article 14.07a(a)(1)]
 - (9) Each unsuccessful candidate who has unexpended contributions after the filing of the last required sworn statement. [article 14.07a(a)(2)]
 - (10) Each unsuccessful candidate who has not filed a final statement.
- (b) Where to File. Sworn statements are to be filed with the same authority with whom the designation of campaign treasurer was required to be filed. [article 14.07(F)]
- (c) What to File. Each statement shall be made under oath and written in black ink or typed with black typewriter ribbon, on a form prescribed by the Secretary of State and available from the office of the appropriate filing authority, unless the statement is a computer printout. [article 14.07(O)]

- (1) Contents of Statements. [article 14.07(C)(1), (2)] The following information must be included for the reporting period covered:

(A) The full name and complete address of each person contributing an aggregate amount of more than \$50* during the reporting period and the date and amount of the contributions.

NOTE:

(1) If more than one contribution is received during the reporting period from an individual, the total may be reported as a lump sum with the date of the last contribution.

(2) All general purpose political committees must also include the principal occupation of each person who contributed an aggregate amount of more than \$50 in the reporting period. [article 14.07(C)(3)]

(B) The full name and complete address of each person to whom any expenditures aggregating more than \$50* were made, and the date, amount, and purpose of the expenditures.

* \$10 for general purpose political committees filing monthly. [article 14.07(H)(6)(b)]

(C) The full name and complete address of each person to whom a payment which does not fall within the definition of expenditure was made if the payment was made from a contribution, and the date, amount, and the purpose of the payment.

(D) The full name and complete address of each person who assisted in obtaining credit or a loan of money for or on behalf of the candidate, office-holder, or political committee or who guaranteed or otherwise agreed to assume any financial obligation for or on behalf of the person if the benefit of the credit, the proceeds of the loan, or the guarantee or assumption of the obligation was to be involved, directly or indirectly, in an election, and the date and total value of the credit, loan, or guarantee or assumption.

(E) A total of all contributions of \$50 and less received and a total of all expenditures of \$50 and less made during the reporting period.

(F) A total of all contributions received and all expenditures made during the reporting period.

(G) The total of unexpended contributions received or the outstanding indebtedness from expenditures made as of the end of the period covered by the previous statement filed.

NOTE: For the purposes of Chapter 14 reporting, the total of unexpended contributions received or the outstanding indebtedness from expenditures made means the surplus or deficit reported on each sworn statement. The surplus or deficit is determined by comparing contributions reported for that period with expenditures reported for the same period. The expenditure total does not include any payments that do not come within the definition of "expenditure," even though those payments were made from contributions. The amount of surplus or deficit for each statement would then be carried forward and entered in the appropriate space on the next subsequent statement. The surplus or deficit reported from the previous period would not be considered in calculating the surplus or deficit on the present statement being filed, but would merely be entered thereon as a separate figure.

The requirement to report the amount of surplus or deficit would initially apply to the reporting period covered by the first sworn statement

required to be filed under Chapter 14 on or after September 1, 1983.

(H) The campaign treasurer's name, business or residence street address, and telephone number. [article 14.07(C)(2)]

(I) The amount of each expenditure in the form of a contribution made by a political committee to a candidate, office-holder, or another political committee that was returned to the political committee during the period covered by the statement, the name of the person to whom the expenditure was originally made, and the date it was returned. [article 14.07(C)(4)]

NOTE: This requirement applies only to political committees.

(J) The name and address of each political committee and its campaign treasurer from whom the candidate or office-holder has received actual notification that the political committee is working on behalf of the candidate or office-holder. [article 14.07(D)(2)]

NOTE: This requirement applies only to candidates and office-holders.

(2) When Contributions Become Reportable. The mere receipt of money or any other thing of value does not make the transfer a contribution for reporting purposes. Contributions become reportable upon acceptance. The decision to accept the contribution may occur before, after, or at the time of receipt.

(A) Acceptance Before Receipt. If the decision to accept an offer of money or any other thing of value is made before the date of actual receipt, the date of the contribution for reporting purposes is the date that the decision was made to accept the contribution. [article 14.01(D)] Acceptance before receipt is conditioned upon the existence of a definite offer. Therefore, pledged contributions in which the total amount to be received is not ascertainable at the time of the pledge may not become reportable until actual receipt.

(B) Acceptance After Receipt. If money or any other thing of value is delivered to a person on one date, and the decision to accept it is made at a later date, the date of the contribution for

reporting purposes is the date that the decision is made to accept it. [article 14.07(C)(5)]

(C) Acceptance by Law. If the determination on accepting or rejecting a contribution is not made before the end of the reporting period during which it was received, it is considered accepted on the last day of the reporting period for Chapter 14 reporting purposes. [article 14.07(C)(5)]

NOTE: A contribution that is not accepted must be returned to the contributor not later than the 30th day after the deadline for filing a statement for the reporting period during which the contribution was received. [article 14.07(C)(5)]

- (3) When Expenditures Become Reportable. For purposes of the time and manner of reporting, an expenditure need not be considered to have been made until the amount is readily determinable or, if the character of the expenditure is such that normal business practice is not to disclose the amount until the next periodic bill is received, then the expenditure need not be considered to have been made until the date of receipt of the bill. [article 14.07(C)(6)] An example of the foregoing would be charges for long distance telephone calls. On the other hand, a charge on a credit card is readily determinable at the time it is incurred since the person charging knows the amount of the obligation at the time the obligation is created.

(d) When to File.

- (1) General Rule. Candidates, office-holders and political committees must file sworn statements of contributions and expenditures at the times illustrated in Charts 1 and 2 as follows, in addition to filing times required in §4.04(d) as applicable. [See article 14.07(H)]

CHART 1
ELECTION YEAR****

Revised 3/1/84

Filing Deadline	Candidate		Office- Holder	Specific Purpose Political Committee		General Purpose Political Committee Filing:	
	Opposed	Unopposed		Supporting/Opposing Candidate or Measure	Assisting Office- Holder	Period- ically	Monthly
15th day after designation of campaign treasurer			X				
30th day before election	X			X		X	
7th day before election	X			X		X	
30th day after election	X			X		X	
July 15		X	X		X		
January 15 following election year **	X*	X	X	X*	X	X	
1st day of each month							X
10th day after termination of campaign treasurer ***				X	X	X	X

NOTE: An office-holder who becomes a candidate must file at the times specified for candidates, in addition to the times required of office-holders. (See Chapter 5)

* This statement is required only if reportable activity has occurred since the reporting period covered by the last required statement.

** January 15 following an election year is the deadline for candidates, office-holders, and specific purpose political committees to report activity which occurred during the period July 1 - December 31 of the immediately preceding election year. General purpose political committees will report activity which occurred during the period January 1 - December 31.

*** This statement must be filed by the outgoing campaign treasurer.

**** "Election Year" means the calendar year in which the election occurs.

CHART 2
NONELECTION YEAR***

Revised 3/1/84

Filing Deadline	Candidate		Office-Holder	Specific Purpose Political Committee		General Purpose Political Committee Filing:	
	Opposed	Unopposed		Supporting/Opposing Candidate or Measure	Assisting Office-Holder	Periodically	Monthly
July 15	X	X	X	X	X		
January 15 following nonelection year *	X	X	X	X	X	X	
1st day of each month							X
10th day after termination of campaign treasurer **				X	X	X	X
15th day after designation of campaign treasurer			X				

* January 15 following a nonelection year is the deadline for candidates, office-holders, and specific purpose political committees to report activity which occurred during the period July 1 - December 31 of the immediately preceding nonelection year. General purpose political committees will report activity which occurred during the period January 1 - December 31.

** This statement must be filed by the outgoing campaign treasurer.

*** "Nonelection Year" means the calendar year in which the election does not occur.

- (2) Additional Filing Times. The additional filing of sworn statements of contributions and expenditures is required under certain circumstances.

(A) Annual statements of unexpended contributions must be filed between January 1 and January 15 of each year by each former office-holder and each unsuccessful candidate as long as he or she retains unexpended contributions. [article 14.07a]

(B) A person who has unexpended contributions six years after he ceases to be a candidate or office-holder must file a statement of disposition of unexpended contributions the 30th day after the end of the six-year period. [article 14.07a]

NOTE: This provision is applicable only to contributions accepted on or after September 1, 1983 and to funds commingled with such contributions.

- (3) Alternate Filing Times. Alternate times for filing sworn statements of contributions and expenditures are available under certain circumstances.

(A) The modified reporting procedure may be followed by a candidate or specific purpose political committee not intending to accept a total amount of contributions exceeding \$500 or to make a total amount of expenditures exceeding \$500 in the series of elections in which a candidate must participate in order to be elected, including any primary, general or special election and any subsequent run-off election. The intent not to exceed \$500 for the election or entire series of elections must be declared at the time of filing a designation of campaign treasurer and a sworn statement is required to be filed not later than the 30th day after each election day in the series of elections. If a run-off election occurs before the 25th day after the initial election and it is possible to disclose all reportable activity for the series of elections in the first required sworn statement of contributions and expenditures, the candidate or political committee may designate it as a final statement under the modified reporting procedure. If the \$500 maximum is exceeded, then modified reporting would no longer be available and the candidate or political committee would again be subject to the filing of sworn statements otherwise required by Chapter 14. [article 14.07b]

NOTE: If the \$500 maximum is exceeded after the filing deadline for the first sworn statement required to be filed under article 14.07, then the candidate or political committee must file a sworn statement not later than 48 hours after the maximum is exceeded. [article 14.07b(d)]

(B) Monthly sworn statements of contributions and expenditures may be filed by a general purpose political committee in lieu of other Chapter 14 filing times. [article 14.07(H)(6)]

(4) Final Statement. Upon the filing of a final statement, no further statement required in relation to that particular election, or series of elections for a term of office need be submitted.

(A) Any of the required sworn statements may constitute a final statement if its filing results in the completion of the reporting of all contributions and expenditures involved in an election or series of elections for a term of office, together with the appropriate related information which is required to be reported. [article 14.07(H)(8)]

(B) The filing of a final statement terminates the status of the campaign treasurer for a candidate or specific purpose political committee. Upon the filing of a final statement, the candidate or specific purpose political committee may no longer legally accept contributions or make expenditures relating to that election or the series of elections for a term of office. If the candidate or committee wishes to become involved in another campaign, a new designation of campaign treasurer must be filed with the appropriate authority before the candidate or committee can again accept contributions or make expenditures in relation to the new campaign.

(i) Surplus: If the last statement on file reflects an excess of contributions over expenditures, the last statement may be a final statement if the person includes a statement that such surplus will not be utilized for purposes involved in that election. If the person becomes involved in a new campaign and once again designates a campaign treasurer, the surplus may be carried forward for use in this campaign and reported as a lump sum on the first sworn statement relating to the new campaign,

together with an appropriate description of its nature.

(ii) Deficit: If the last statement on file reflects unpaid debts, the last statement may be a final statement if the person includes a statement that no further contributions will be collected to offset the deficit or to reimburse the deficit from future contributions. If the candidate or political committee wishes to continue accepting contributions to offset this deficit, a final statement may not be filed.

- (5) Telegram or Hand-delivered Reports to the Secretary of State. Telegram or hand-delivered reports to the Secretary of State are required to be filed by candidates for the legislature and specific purpose political committees organized in support of or opposition to such candidates within 48 hours of acceptance of contribution(s) in excess of \$1,000 (State Senator) or \$200 (State Representative) from a person during the period beginning on the 9th day before election day and continuing through 12:00 noon on the 2nd day before election day. [article 14.07(C-1)]

NOTE: This reporting requirement is in addition to the filing of sworn statements of contributions and expenditures required by Chapter 14; the candidate or political committee must also report such contributions on the sworn statement covering that reporting period. A report required by article 14.07(C-1) is not required to be on a form or forms prescribed by the Secretary of State. It may not constitute a final statement.

CHAPTER 5. OFFICE-HOLDERS.

§5.01. Introduction. A candidate who is elected and takes office, a state officer-elect, a member-elect of the legislature, or an individual who is appointed to a public office becomes an "office-holder" for Chapter 14 disclosure purposes. If the candidate does not terminate the designation of campaign treasurer originally filed for his or her campaign for the office, he or she may continue to accept election-related contributions as defined in article 14.01(D)(1) and make election-related expenditures as defined in article 14.01(E)(1). Otherwise, the office-holder may accept only office-related contributions [article 14.01(D)(2)] and make only office-related expenditures [article 14.01(E)(2)]. Both election-related and office-related contributions and expenditures must be disclosed by the office-holder in sworn statements of contributions and expenditures filed at the times required. Activities of either nature must be reported on the form prescribed by the Secretary of State for candidates/office-holders.

An office-holder is not required to file a designation of campaign treasurer in order to accept office-related contributions or to make office-related expenditures while an office-holder. However, should he or she again become a candidate for public office, then he or she must file a designation of campaign treasurer and any required sworn statements as discussed in Chapter 4. Any office-related contributions legally accepted by an office-holder may also be used for election-related purposes at any time after he or she files a designation of campaign treasurer for the new campaign. [article 14.02(A)]

An office-holder may not convert to personal use those contributions accepted on or after September 1, 1983. [See §3.02(c)(4)] After leaving office, he or she must file annual reports regarding any unexpended contributions. Within six years after leaving office, he or she must properly dispose of all unexpended contributions and file a sworn statement regarding that disposition. [article 14.07a]

§5.02. Definitions

- (a) Office-holder. [article 14.01(B)] "Office-holder" is defined as:

Any person serving in a public office as defined in Chapter 14 and any other constitutionally designated member of the Executive Department.

NOTE: For the purposes of Chapter 14, a state officer-elect or a member-elect of the legislature is considered an office-holder beginning on the day after the day of the general or special election in which that person was elected. This permits the acceptance of office-holder contributions beginning on the day after

the election. However, the state officer-elect or member-elect is not relieved of any reporting responsibilities he or she may have as a candidate under Chapter 14. [article 14.03c]

- (b) Office-holder Contribution. [article 14.01(D)(2)]
"Office-holder contribution" is defined as:

Any advance, deposit or transfer of funds, goods, services or anything of value or creation of any contract or obligation, enforceable or unenforceable, to transfer any funds, goods, services, or anything of value knowingly accepted by any office-holder for the purpose of assisting such person in the performance of duties or activities in connection with the office which are nonreimbursable by the state or political subdivision. "Contribution" does not include an honorarium to a public servant that is excluded from the application of penal sanction by section 36.10(3) of the Penal Code. (Emphasis added.)

- (1) In Connection With the Office. Duties and activities connected with the office include those which are made necessary by holding the office (e.g. living expenses while at an office away from home, office supplies and salaries, travel and accommodations) or which aid in the performance of those duties (e.g. conducting opinion polls, newsletters to constituents, speaking engagements, inspection tours, meetings, and seminars).
- (2) Nonreimbursable. An expenditure is nonreimbursable if the state or political subdivision is not authorized by law to compensate the office-holder for the payment made or obligation incurred in performing duties of the office. The characterization of an expenditure as legally reimbursable is not affected by the actual availability of funds for reimbursement, by the fact that the office-holder does or does not seek reimbursement, or by the fact that the office-holder is actually reimbursed.

NOTE: See also Chapter 36 of the Texas Penal Code.

- (3) Honorarium: An honorarium excluded from penal sanction by Section 36.10(3) of the Texas Penal Code is an honorarium given in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

- (A) not more than one honorarium is received from the same person in a calendar year; and

- (B) not more than one honorarium is received for the same service; and
- (C) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the recipient in performance of the services; and
- (D) the honorarium, regardless of amount, is reported in the financial disclosure statement filed under TEX. REV. CIV. STAT. ANN. art. 6252-9b (Vernon Supp. 1982-1983), if the recipient is required to file a financial disclosure statement under that act.

NOTE: Such honoraria may therefore be accepted from corporations and labor organizations and should not be reported as contributions.

- (4) Personal Services. A service or other intangible thing of value becomes an office-holder contribution when there is actual or constructive delivery by the contributor and an acceptance by the office-holder. Mere knowledge by an office-holder that another person is performing some act that is of benefit to him or her in the performance of his or her duties of office does not necessarily render the act a contribution. For example, if a person is communicating to the public in support of a cause or issue with which an office-holder is also identified, a contribution has not necessarily occurred.

- (c) Office-holder Expenditures. [article 14.01(E)(2)]
"Office-holder expenditures" are defined as:

Any payments made or obligations incurred by an office-holder, when such payments are made in the performance of duties or activities in connection with the office which are nonreimbursable by the state or the political subdivision.

NOTE: Payments from the personal funds of an office-holder do not constitute an office-holder expenditure unless made from contributions. In order to segregate these two types of payments, office-holder contributions must be kept in an account separate from personal funds; otherwise all of the office-holder's payments for the purpose of performing his duties of office would be reportable. S.O.S. Political Funds Reporting and Disclosure Directive (1978), p. 35.

§5.03. Filing Sworn Statements of Contributions and Expenditures.

- (a) Summary. Circumstances may require an office-holder to file any or all of the following statements, as applicable:
- (1) Semi-annual Statements.
 - (2) Statement Within 15 days After Designation of a Campaign Treasurer.
 - (3) Statements Filed by Candidates.
 - (4) Former Office-holder Annual Statements of Unexpended Contributions.
 - (5) Former Office-holder Six Year Disposition Statement.
- (b) Semi-annual Statements. [article 14.07(H)(1)(b)(i)] Office-holders and specific purpose political committees assisting office-holder(s) must file sworn statements on or before July 15 and on or before January 15 of each year of all contributions received and all expenditures made during the six calendar months preceding the statements but reporting only such contributions accepted and expenditures made that have not been previously reported.
- (c) Statement Within 15 Days After Designation of a Campaign Treasurer. [article 14.07(H)(1)(b)(ii)]
- (1) Who must file: Each officeholder who designates a campaign treasurer.
 - (2) What to file: Sworn statement of contributions received and expenditures made by the officeholder covering the period of time from the last required statement filed through the day before the day of the designation of campaign treasurer, and notices received from political committees operating in behalf of the office-holder.
 - (3) When to file: Not later than the 15th day following the designation of the campaign treasurer.
 - (4) Where to File: With the same authority with whom the semi-annual office-holder statements are filed.

NOTE: For convenience, an office-holder may choose to designate a campaign treasurer at a time which will permit the combined filing of the 15 day after designation of a campaign treasurer statement, January 15 statement and/or final statement relating to a previous campaign on a single sworn statement of contributions and expenditures.

- (d) Statements Filed by Candidates. An office-holder is not relieved of any Chapter 14 reporting responsibil-

ities he or she may have as a result of being a candidate prior to becoming an office-holder or as a result of subsequently becoming a candidate for any office while still an office-holder.

- (e) Former Office-holder Annual Statements of Unexpended Contributions. [article 14.07a] A former office-holder who has unexpended contributions after the filing of the last sworn statement required by article 14.07 must file a statement between January 1 and January 15 of each year.

NOTE: See §4.04(d)(2)(A)

- (f) Former Office-holder Final Six Year Disposition Statement. [article 14.07a] A former office-holder must dispose of unexpended contributions within six years of leaving office and report the disposition not later than the 30th day after the end of the six-year period.

NOTE: See §4.04(d)(2)(B)

§5.04. Functions in Appreciation of Office-holders.

- (a) Reportable Appreciation Functions. If the office-holder derives any benefits in the form of money or other thing of value for use in a campaign or in the performance of duties or activities in connection with his or her office, such benefits constitute contributions required to be reported under Chapter 14. If the purpose of the function is to solicit or receive money or other things of economic value for the office-holder, it will be considered a fund-raising event, and all costs of the function will be reportable as a contribution to the office-holder unless the person paying for the function reports the costs. (If a political committee sponsors the function, it must report all income as contributions and all costs as expenditures; the office-holder must then report only any net amount, if any, which may be received by him as a contribution.)
- (b) Fundraising Intent. Such a purpose is evidenced by manifestations before, during, or in association with the function which clearly convey to both the office-holder and those addressed that it is desired that contributions be made to the office-holder, either directly or indirectly through the sponsor. In this case, the parties organizing the function may often constitute a political committee and will be required to designate a campaign treasurer before soliciting or accepting contributions to cover costs of the functions as well as those to be forwarded to the office-holder. Ordinarily, only when contributions received at such

functions are merely incidental and are insignificant in terms of relative amount or numbers of contributors, is the cost of the function itself not considered a contribution.

- (c) Appreciation Functions for Office-holders as Candidates. In the event that an office-holder becomes a candidate, functions such as appreciation dinners may become campaign events. Therefore, the total costs then fall within the definition of a contribution or an expenditure to or for a campaign and will be reportable under the filing provisions for a candidate or political committee. Such an event may not be held by an office-holder who is a candidate until after a designation of campaign treasurer has been filed with the appropriate authority.

CHAPTER 6. POLITICAL COMMITTEES.

§6.01. Introduction: Chapter 14 specifically defines the term political committee in reference to the activities of a group of persons which must be disclosed under Chapter 14. These activities are usually categorized as either those of a "specific purpose political committee" or those of a "general purpose political committee."

NOTE: Chapter 14 does not prescribe how any political group should organize or operate. It only applies to those specified activities which must be disclosed in filings required of a "political committee" as that term is defined in the statute.

§6.02. Definitions.

(a) Political Committee. The definition of political committee may differ under other statutes. The following definition of political committee applies only to Chapter 14 of the Election Code.

(1) A "political committee" is any group of persons:

(A) Having among its principal purposes the collection of contributions or the making of expenditures in support of or in opposition to a candidate or candidates, whether presently identifiable or not, or a measure or measures, whether presently identifiable or not, on a ballot in a public election; or

(B) Having among its principal purposes the collection of contributions or the making of expenditures for officeholders whether presently identifiable or not.

(b) Specific Purpose Political Committee. A political committee categorized as a specific purpose political committee is one not having among its principal purposes those of a general purpose political committee and having among its principal purposes the acceptance of contributions and the making of expenditures:

(1) Supporting or opposing candidate(s) who are identifiable and for whom the office(s) to be sought are known; or

(2) Supporting or opposing measures which are identifiable; or

(3) Assisting identifiable officeholders with their nonreimbursable expenses in connection with the performance of their duties of office.

EXAMPLE: A group of persons accepting contributions and/or making expenditures in support of a candidate for election to a city council.

(c) General Purpose Political Committee. A political committee is one categorized as a general purpose political committee having among its principal purposes the acceptance of contributions or the making of expenditures:

- (1) Supporting or opposing candidate(s) who are indefinite in identity or for whom the office(s) to be sought are unknown; or
- (2) Supporting or opposing measures indefinite in identity; or
- (3) Assisting officeholders who are not identifiable with their nonreimbursable expenses in connection with the performance of their duties of office.

EXAMPLE: The political committee of a county political party.

NOTE: The fact, in and of itself, that a political committee is of definite or of indefinite duration, or ultimately supports one or many candidates, is not determinative of whether it is classified as a "general purpose" or a "specific purpose" political committee. Even though some of a political committee's principal purposes are of a definite identity or known character, such a committee is not a specific purpose political committee but is a general purpose political committee if it has among its principal purposes any of those of a general purpose political committee. However, if a political committee is formed for a specific purpose it does not become a general purpose political committee by virtue of an assertion of some speculative and merely possible future activity.

If it is not otherwise possible for a specific purpose political committee to determine which authority is appropriate for the filing of a designation of campaign treasurer, then a filing with the secretary of state shall be sufficient, but only until the appropriate authority may be determined. [article 14.02(F)(1)] However, if the operation of a political committee necessitate a change in the authority with whom sworn statements are to be filed, the campaign treasurer of such political committee shall make such change and declare the identity of the authorities with whom future filings are expected to be made by filing (a) notification(s) with the authority(ies) with whom such committee has previously been required to file sworn statements. [article 14.07(H)(3)].

§6.03. Disclosure Requirements Pertinent to all Political Committees.

- (a) Keeping Records. [article 14.07(A)] A political committee is required to maintain an accurate record of all transactions which could potentially become reportable under Chapter 14. See §4.02.
- (b) Designating Campaign Treasurer. [article 14.02(F)(1)] A political committee must file a written designation of campaign treasurer with the appropriate authority before accepting a contribution or making an expenditure. See §4.03.
- (c) Filing Sworn Statements of Contributions and Expenditures. [article 14.07(B)] A political committee must file sworn statements of contributions, expenditures and other reportable activity as required by Chapter 14. See §4.04.
- (d) Notification to Certain Candidates and Office-holders. [article 14.07(D)(2)]
 - (1) A political committee receiving contributions or making expenditures on behalf of a candidate, or office-holder, must notify the candidate, or office-holder, as to the name and address of the political committee and its campaign treasurer.
 - (2) "On behalf of" means the making acceptance of a contribution for a candidate(s), or office-holder(s), or the making an expenditure for a candidate(s), or office-holder(s).
 - (3) The candidate, or office-holder, shall include within each statement required by this code a list identifying the name and address of each such political committee and its campaign treasurer, if one is required.

§6.04. Disclosure Requirements Pertinent to Specific Purpose Political Committees.

- (a) Designation of Campaign Treasurer. The type of measure or office which is the subject of the campaign of the specific purpose political committee determines the official with whom the designation must be filed. See §4.03(b).
- (b) Nonelection Year Reporting. Nonelection year reporting for specific purpose political committees is illustrated in §4.04(d)(1) Chart 2.

- (c) Modified Reporting Procedure. When total contributions or expenditures are not expected to exceed \$500 in the election, the specific purpose political committee may, at the time of filing the designation of campaign treasurer, elect to follow the modified reporting procedure. See §4.04(d)(3)(A).
- (d) Telegram or Hand-delivered Reports to the Secretary of State. In addition to the filing of required sworn statements of contributions and expenditures, some specific purpose political committees must also report certain contributions by telegram or hand-delivered reports to the secretary of state. See §4.04(d)(5).

§6.05. Disclosure Requirements Pertinent to General Purpose Political Committees.

- (a) Designation of Campaign Treasurer. A general purpose political committee files its designation of a campaign treasurer with the secretary of state. Even if the general purpose political committee supports or opposes candidates or measures in various county, municipal and political subdivision office campaigns, the only filing required is with the secretary of state.
- (b) Statement of Organization. A general purpose political committee may not accept a contribution or make an expenditure until the committee has filed a statement of organization with the secretary of state. [article 14.07(D)]
- (1) The statement of organization must be filed at the time the designation of campaign treasurer is filed.
 - (2) The name of the general purpose political committee may not be the same as or deceptively similar to the name of any other general purpose political committee whose statement of organization is filed with the secretary of state.
 - (3) The statement of organization must include the political committee's campaign treasurer's name, business or residence street address, and telephone number, and the following information:
 - (A) the name of each corporation, labor organization, or other association or legal entity that directly establishes, administers, or controls the political committee, if applicable; or
 - (B) the name of each person that determines to whom the political committee makes

contributions or for what purposes the political committee makes expenditures.

- (4) If there is a change in the information required to be included in the statement of organization, the political committee shall file an amended statement of organization with the secretary of state not later than the 30th day after the change occurs.

(c) Sworn Statements of Contributions and Expenditures.

- (1) Principal Occupation of Contributor. Each statement filed by a general purpose political committee must include the principal occupation of each person from whom contributions in an aggregate amount of more than \$50 were received in the period covered by the statement. [article 14.07(C)(3)]

NOTE: A general purpose political committee may accept contributions in the form of cash exceeding \$100 per contribution, but must be able to identify the contributor and his or her principal occupation for record-keeping and reporting purposes. [article 14.03a]

- (2) Monthly Statements. In lieu of the other periodic sworn statements required by Chapter 14, a general purpose political committee may elect to file sworn monthly statements of all contributions received and expenditures made which have not been previously reported. [article 14.07(H)(6)]

(A) Notice. A notice of intent to file monthly statements must be filed between January 1st and January 15th of the first year in which the committee intends to file monthly statements. Any general purpose political committee formed after January 15th may file notice of intent to file monthly statements at the same time it files a designation of campaign treasurer.

(B) Change from Monthly to Periodic. If a committee filing monthly statements desires to revert to filing periodic statements, it is to file the notice of the intent to revert between January 1st and 15th. This notice of intent must be accompanied by a sworn statement of all contributions received and expenditures made which have not been previously reported.

- (C) Filing. The monthly statement is to be filed on the first day of each calendar month, even if there has been no activity, and is to include all previously unreported contributions and expenditures made and received through the 25th day of the preceding month.