

SUBJECT: Allowing contributions to direct campaign expenditure committees

COMMITTEE: General Investigating and Ethics — favorable, without amendment

VOTE: 6 ayes — S. Davis, Moody, Capriglione, Nevárez, Shine, Turner

0 nays

1 absent — Price

WITNESSES: For — (*Registered, but did not testify*: Joanne Richards, Common Ground for Texans; Hamilton Richards)

Against — None

On — (*Registered, but did not testify*: Ian Steusloff, Texas Ethics Commission)

BACKGROUND: In 2013, the 5th U.S. Circuit Court of Appeals held in *Texans for Free Enterprise v. Texas Ethics Commission* that corporations and labor organizations may make political contributions and expenditures to certain political committees that make only direct campaign expenditures that are independent of any political campaign. The Texas Ethics Commission, in its 2016 report to the Legislature, recommended amending Election Code, ch. 253 to permit a corporation or labor organization to make such expenditures.

DIGEST: HB 2465 would add a subsection to Election Code, ch. 253 to allow a corporation or labor organization to make a political contribution from its own property to a political committee that:

- was not established or controlled by a candidate or officeholder;
- made or intended to make direct campaign expenditures;
- did not make or intend to make political contributions to a candidate; an officeholder; a specific-purpose committee

established or controlled by a candidate or officeholder; or a political committee that made or intended to make political contributions to a candidate, officeholder, or specific-purpose committee established or controlled by a candidate or officeholder; and

- had filed an affidavit with the Texas Ethics Commission stating its intention to operate as described.

The bill would take effect September 1, 2017.