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Update on Texas Campaign Regulations

As you may have noticed, while Texas campaign finance laws have become increasingly more complex, the media-imposed burden to fully comply has similarly grown. Several campaigns and political committees have been sued, often immediately before an election or in the post-election period. Technology has made it easier for onlookers to sort through campaign finance reports. The Texas Ethics Commission has begun to more strictly enforce the laws on the books. All of these external pressures have made it more important now than ever to ensure your campaign or political committee fully complies with the relevant laws.

Locke Lord Bissell & Liddell LLP, formerly Locke Liddell & Sapp, has attorneys with experience working with campaign finance laws and regulations, ranging everywhere from local and state-wide political campaigns to groups providing pure issue advertising. The firm currently represents political campaigns, political committees, and prominent consultants and lobbyists. In addition to working with our clients to comply with the campaign finance laws, Locke Lord also monitors activities at the Texas Ethics Commission to keep our clients updated on proposed rules. During the legislative session, Locke Lord monitors campaign finance legislation, letting our clients know of potential statutory changes they may wish to comment on.

The below items are areas of interest for political campaigns and political committees in complying with Texas laws. We have expertise in all of these areas, and are available to assist our clients with compliance.

Reporting Political Contributions Maintained

The TEC recently proposed a rule that may alter the way campaigns and political committees report their political contributions maintained. For instance, investments must be reported at their purchase price, as opposed to their market value. In addition, the amount of checks written but not cashed will not be deducted from political contributions maintained.

Reporting Credit Card Expenditures

Texas law requires reporting the name, date, amount, and description of each expenditure. The TEC interprets this as requiring campaigns and political committees to itemize all expenditures made via

credit card, instead of reporting all credit card expenditures as a single payment to a credit card company. Several candidates and campaigns learned of this regulation when the TEC notified them of their non-compliance. In addition to fines levied by the TEC, several candidates used their opponent's non-compliance as the basis for negative advertising this primary cycle.

Out of State Political Committees

An out of state political committee is not, contrary to popular belief, a committee organized or headquartered outside of Texas. It is, by definition, a political committee that makes less than 20% of its political expenditures in connection with a campaign that Texans vote on. Statutes and rules dictate certain prerequisites a campaign must follow before it may accept a contribution from an out of state political committee, and also impose certain additional reporting requirements on both the recipient campaign and the contributing committee. Non-compliance with these regulations has been the basis for at least one recent lawsuit filed by a losing candidate.

Automated Phone Calls

For many years, political campaigns have used automated telephone calls to get their message to voters in a quick and economical way. By definition, an automated telephone call is not political advertising, so it does not require any disclaimer by the group paying for it ("Political advertising paid for by xyz"). However, despite popular belief, there are laws that govern automated calls. They regulate when a call may take place, what companies may make such calls, and what information every automated call must contain. Failure to comply with these laws may result in administrative, civil, and potentially criminal penalties.

ABOUT THE AUTHOR

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