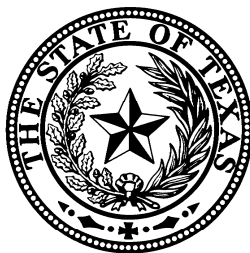


# TEXAS ETHICS COMMISSION

## CAMPAIGN FINANCE GUIDE FOR POLITICAL PARTIES



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# CAMPAIGN FINANCE GUIDE FOR POLITICAL PARTIES

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## INTRODUCTION

A political committee is a group of two or more people that accepts political contributions or makes political expenditures. Political committees are regulated by title 15 of the Election Code and by rules adopted by the Texas Ethics Commission. Elec. Code chs. 251 – 257; Ethics Commission Rules chs. 20 – 26. See also the CAMPAIGN FINANCE GUIDE FOR POLITICAL COMMITTEES (available at <http://www.ethics.state.tx.us> on the Internet).

If a political party or a group affiliated with a political party raises and spends money to support or oppose candidates or measures, it is a general-purpose political committee. In some circumstances, political party political committees are subject to different rules from other general-purpose political committees.

This guide contains information about rules specifically applicable to party political committees. For additional information about political committees, a party political committee should review Chapter 257 of the Election Code; Texas Ethics Commission Rules, Chapter 20, Subchapters G, H, and I; Sections 253.160(d), 253.1611(e), 253.170(a)(b), 253.171(a), and 254.161 of the Election Code and the CAMPAIGN FINANCE GUIDE FOR POLITICAL COMMITTEES.

Title 15 of the Election Code sets out reporting requirements and various restrictions in regard to political contributions and expenditures. A group becomes a political committee by virtue of its campaign finance activity, not by filing an appointment of campaign treasurer. A political committee *must* have a campaign treasurer appointment on file, however, before it may engage in certain activity. The rules about appointing a campaign treasurer that are applicable to any party political committee *other than a county executive committee* are the same as the rules applicable to other general-purpose committees. Such committees must file a treasurer appointment before exceeding \$500 in political contributions or political expenditures. A county executive committee of a political party, however, is subject to different rules.

### **RULES APPLICABLE TO A COUNTY EXECUTIVE COMMITTEE OF A POLITICAL PARTY**

**\$25,000 Thresholds:** A county executive committee of a political party is not required to appoint a campaign treasurer unless it accepts more than \$25,000 in political contributions or makes more than \$25,000 in political expenditures in a calendar year. A county executive committee that exceeds one of the thresholds must appoint a campaign treasurer not later than the 15th day after the threshold is exceeded.

**Note:** A county executive committee of a political party may accept contributions from corporations or labor organizations for limited purposes. Such contributions do not count toward the \$25,000 thresholds. Such contributions and expenditures are reported on Form PTY-CORP.

The \$25,000 thresholds for county executive committees of political parties are *annual* thresholds. (The \$500 thresholds for other committees are one-time thresholds.) Because the \$25,000 thresholds for county executive committees of political parties are annual thresholds, a county executive committee that is required to file an appointment of campaign treasurer in one year has the option of terminating its appointment of campaign treasurer when the treasurer files a report in January covering the end of the previous calendar year. The treasurer does so by using FORM CEC or FORM MCEC, as applicable, and checking “final report.” The committee will have to file a new appointment of campaign treasurer before it crosses one of the \$25,000 thresholds in the new calendar year.

A county executive committee is not required to terminate its appointment of campaign treasurer at the end of the year. If it does not do so, however, it will be required to continue filing periodic reports.

**Note:** A party political committee may appoint a campaign treasurer at any time, even if it is not required to do so. Once a political committee files an appointment of campaign treasurer, the campaign treasurer is required to file reports under the applicable filing schedules.

**Requirement to File Reports of Contributions and Expenditures:** Once a county executive committee files an appointment of campaign treasurer, the committee’s campaign treasurer must begin filing reports of contributions and expenditures. The treasurer should be aware of the first filing deadline that will arise after the appointment of campaign treasurer is filed.

**Forms:** Forms applicable to a county executive committee are found on the Internet at <http://www.ethics.state.tx.us/filinginfo/cecfrm.htm>. To appoint a campaign treasurer, use the Appointment of A Campaign Treasurer By A County Executive Committee Form (Form CECTA). To file a campaign finance report on paper, use the County Executive Committee Campaign Finance Report Form (Form CEC). To file the report electronically, follow the instructions in the software for filing a CEC Report.

**Instructions:** Whether you are filing electronically or on paper, always follow the instructions for the applicable form. Failing to do so will inevitably result in reporting errors!

**Where to File:** All general-purpose political committees, including committees affiliated with parties, file campaign treasurer appointments and reports of contributions and expenditures with the Texas Ethics Commission.

**Filing Schedules:** Each year the Ethics Commission sends all filers a notice regarding the schedule of upcoming filing deadlines. The filing schedules are also available at <http://www.ethics.state.tx.us> on the Internet.

**Electronic Filing:** A report is required to be filed electronically unless the committee’s campaign treasurer is eligible to claim the exemption from electronic filing. The electronic filing software is available free of charge either by downloading it from the Ethics Commission’s website or by requesting a copy of it on CD-ROM from the Commission.

For a committee's campaign treasurer to claim an exemption from electronic filing, the committee must meet *all* of the following requirements: 1) neither the committee, nor an agent of the committee, nor a person with whom the committee contracts uses computer equipment to keep the current records of political contributions, political expenditures, or persons making political contributions to the committee; 2) the committee does not accept more than \$20,000 in political contributions in any calendar year; AND 3) the committee does not make more than \$20,000 in political expenditures in any calendar year.

With each report filed on paper, a committee's campaign treasurer must include an affidavit swearing that he or she is entitled to an exemption from electronic filing. The exemption affidavit form is available on the Ethics Commission's website at <http://www.ethics.state.tx.us> on the Internet.

### **CONTRIBUTIONS TO POLITICAL PARTY FROM CORPORATIONS AND LABOR ORGANIZATIONS**

**Restrictions:** Although corporations and labor organizations are generally prohibited from making political contributions, corporations and labor organizations may make contributions to a political party in accordance with the following restrictions.

**Use:** A political party that accepts a contribution from a corporation or labor organization may use the contribution *only* for the following purposes: (1) to defray normal overhead and administrative or operating costs incurred by the party; or (2) to administer a primary election or convention held by the party.

**Separate Account:** A political party must keep contributions from corporations and labor organizations and interest on such contributions in a separate account.

**Time Period:** A political party *may not* accept contributions from corporations or labor organizations during the period that begins 60 days before a general election for state and county officers and ends on the day of the election. Nor may the political party make an expenditure during that time period from the account in which it keeps contributions from corporations and labor organizations.

**Records:** The chair of a political party must keep records of all contributions from corporations and labor organizations and records of all expenditures from such contributions. The party chair must keep records of contributions and expenditures for at least two years after the filing deadline for the report on which the contributions and expenditures are reported.

**Reports:** The chair of a political party that has accepted a contribution from a corporation or labor organization must file reports with the Texas Ethics Commission on Form PTY-CORP.

A report must list any contributions from corporations or labor organizations accepted during the reporting period. A report must also list any expenditures made during the reporting period from contributions from labor organizations. These contributions and expenditures *should not* be listed on a report filed by a party political committee.

Reports of contributions from corporations and labor organizations are filed by the state or county party chair, as applicable, not by the campaign treasurer of a party political committee.

The party chair must file reports of contributions from corporations and labor organizations until the political party is no longer accepting contributions from corporations or labor organizations *AND* until the expenditures of all such contributions have been reported.

**Filing Schedule:** As stated previously, each year the Ethics Commission sends all filers a notice regarding the schedule of upcoming filing deadlines. The filing schedule for the report regarding funds from corporations and labor organizations is available on the Internet at <http://www.ethics.state.tx.us/schedule/schedules.htm>.

**Electronic Filing:** A report is required to be filed electronically unless the filer is eligible to claim the exemption from electronic filing. The electronic filing software is available free of charge either by downloading it from the Ethics Commission's website or by requesting a copy of it on CD-ROM from the Commission. Information about electronic filing, including how to claim the exemption, is found on the Internet at [http://www.ethics.state.tx.us/whatsnew/elf\\_filing\\_info.htm](http://www.ethics.state.tx.us/whatsnew/elf_filing_info.htm).

**Forms:** Forms applicable to political party reporting contributions from corporations and labor organizations are found at <http://www.ethics.state.tx.us/filinginfo/pfrm.htm> on the Internet. To file a report on paper, use the Political Party Report Regarding Funds from Corporations and Labor Organizations (Form PTY-CORP). To file a report electronically, follow the instructions in the software for filing a PTY-CORP Report.

**Instructions:** Whether you are filing electronically or on paper, always follow the instructions for the applicable form. Failing to do so will inevitably result in reporting errors!

## CANDIDATES FOR STATE PARTY CHAIR OR COUNTY CHAIR OF A POLITICAL PARTY

**Candidates for State Chair of a Political Party:** A candidate for state party chair is generally subject to the rules applicable to candidates for statewide public office. *See* the CAMPAIGN FINANCE GUIDE FOR CANDIDATES AND OFFICEHOLDERS WHO FILE WITH THE TEXAS ETHICS COMMISSION. One difference is that candidates for state chair follow a different reporting schedule than candidates for state office and use a different reporting form (Form SC C/OH).

**Candidates for County Chair of a Political Party (County with Population of 350,000 or More):** A candidate for county chair of a political party in a county with a population of 350,000 or more is generally subject to the rules applicable to candidates for statewide public office. *See* the CAMPAIGN FINANCE GUIDE FOR CANDIDATES AND OFFICEHOLDERS WHO FILE WITH THE TEXAS ETHICS COMMISSION. One difference is that candidates for county chair follow a different reporting schedule than candidates for state office and use a different reporting form (Form SC C/OH).

These requirements apply only to a candidate for county chair of a political party with a nominee on the ballot in the most recent gubernatorial election in a county with a population of 350,000 or more. Candidates for county chair (or a specific-purpose committee supporting or opposing such a candidate) must file a campaign treasurer appointment and campaign finance reports with the Texas Ethics Commission.

**Filing Schedule:** As stated previously, each year the Ethics Commission sends all filers a notice regarding the schedule of upcoming filing deadlines.

**Electronic Filing:** A report is required to be filed electronically unless the filer is eligible to claim the exemption from electronic filing. The electronic filing software is available free of charge either by downloading it from the Ethics Commission's website or by requesting from the Commission a copy of it on CD-ROM. Information about electronic filing, including how to claim the exemption, is found on the Internet at [http://www.ethics.state.tx.us/whatsnew/elf\\_filing\\_info.htm](http://www.ethics.state.tx.us/whatsnew/elf_filing_info.htm).

**Forms:** Forms applicable to a candidate for chair of a political party are found on the Internet at <http://www.ethics.state.tx.us/filinginfo/pfrm.htm#scch>. To appoint a campaign treasurer, use the Appointment of A Campaign Treasurer By A Candidate Form (Form CTA). To file a campaign finance report on paper, use the State/County Chair Candidate Campaign Finance Report Form (Form SC C/OH). To file a campaign finance report electronically, follow the instructions in the software for filing a State/County Chair Candidate Campaign Finance Report.

**Instructions:** Whether you are filing electronically or on paper, always follow the instructions for the applicable form. Failing to do so will inevitably result in reporting errors!