



Campaign Finance Disclosure: Meeting the Public's Right to Know



Information is the currency of democracy. The public has an absolute right to know who contributes money to candidates for public office in a timely manner. Texas' campaign disclosure laws fall woefully short of providing citizens with this critical information.

Most Texans live hundreds of miles from the Texas Ethics Commission (TEC) in Austin, where paper campaign disclosure reports are filed. To make this information accessible to citizens across Texas, the Legislature should require candidates to file electronic reports and instruct the TEC to post the information in a database-compatible format on the Internet. Other disclosure rules also need to be strengthened.

Five Ways to Improve Public Disclosure:

1) Require Candidates and PACs to Make Electronic Disclosures:

Candidates for legislative and statewide offices should be required to file contribution and expenditure reports with the Texas Ethics Commission in an electronic format, allowing the information to be posted on the Internet almost immediately. Exemptions should be made for campaigns and committees that raise modest amounts of money (\$5,000 or less).

2) Close the Out-of-State PAC Loophole:

PACs registered outside Texas are not required to file disclosure reports unless their Texas expenditures exceed 20% of the PAC's total political expenditures in other states. This loophole needs to be closed so that out-of-state PACs are held to the same disclosure standard as Texas-based PACs.

3) Require Post-Election Reporting:

Candidates and committees do not file complete contribution and expenditure reports for the period 10 days prior to the November election through the end of the calendar year until January 15 of the following year. All candidates should be required to file a post-election report covering the period beginning 10 days prior to the November election through November 15. This report should be due no later than December 5th.

4) Tally "Cash on Hand":

All candidates and committee reports should be required to list the total amount of "cash on hand" at the end of each reporting period.

5) Require Employer/Occupation Information on Itemized Contributions:

Employer and occupation information should be required for all donors of itemized contributions. Candidates and committees should be prohibited from depositing or using itemized contributions whenever such information is not disclosed.

★ Time to Reform Judicial Selection ★

Texas is the largest of nine states that elects its judges through partisan political campaigns. Campaign laws allow the state's judges to raise campaign funds from the very parties that appear in their courtrooms. Allowing judges to solicit campaign money from the lawyers, law firms and parties in their courtrooms undermines public confidence in the independence of the judiciary.

A 1997 Harte-Hanks Texas poll found that:

- ★72% of respondents believe judges decisions in some cases are influenced by political pressure from campaign contributors; and
- ★62% believed judicial elections should be non-partisan.

"A judge who owes a seat to contributions from politicians, labor leaders, corporate executives or lawyers suffers from a tarnished independence."

- *American Bar Association President Jerome Shestack*

"The way Texas elects partisan judges, and allows those who practice before them to supply the campaign money, will always fuel suspicion that justice here is for sale."

-*Texas Chief Justice Thomas R. Phillips*

Recent Reforms Have Failed:

The Judicial Campaign Fairness Act of 1995 established contribution limits that are indulgent to the point of meaninglessness. Under current law, judges can raise up to \$90,000 per law firm and \$900,000 from PACs in a single election cycle.

- ★ The seven Texas Supreme Court justices elected in 1994 and 1996 raised \$3.7 million (40 percent of all their money) from lawyers, law firms and the parties who had cases in their courtrooms.
- ★ Of the 530 opinions the Supreme Court issued during that period, 60 percent (322) involved at least one campaign contributor to one or more of the sitting justices.

Fundamental Reform Is Necessary:

- ★ Judges must be prohibited from soliciting and accepting campaign contributions from the lawyers and parties that appear before them.
- ★ The legislature should present Texas voters with a new method of selecting all state appellate judges. This method should provide for gubernatorial appointment followed by Senate confirmation.



Limit Campaign Contributions: A Priority for Texas



Texas is the largest of only six states that impose no limits on the amount of money an individual, business or political committee (PAC) can contribute to a candidate for public office. Similarly, Texas puts no limits on the amount of money that can be given to a PAC or on the overall amount an individual can give to PACs and non-judicial candidates in each election cycle.¹ Absent such limits, too few wealthy individuals and interest groups dominate Texas politics at the expense of the majority.

Special Interests and Big Checks Dominate Elections:

- ★ Contributions of \$1,000 and up accounted for 37% of the money raised by winning House candidates in the 1996 election cycle. Contributions below \$100 accounted for only 5% of the money raised.
- ★ Businesses and PACs directly contributed \$9 million to these House members (62% of all their money).

Too Much Power in Too Few Hands:

- ★ Just 36 of Texas' 974 registered PACs spent \$37 million to influence government officials from 1995 through 1997—more than one half of all state PAC expenditures.
- ★ During the 1996 elections, the state's five largest independent, special-interest PACs raised \$4.5 million. Most of the money raised by these PACs came from a handful of donors. Had donations to these PACs been capped at \$1,000 they would have raised one-fourth of the \$4.5 million that they did raise.

Big Cash From the Lobby — Little From the Voters

- ★ House members in the 75th Legislature raised a staggering 80% (\$10 million) of their money from sources outside of their individual districts.²
- ★ Just nine ZIP codes in Austin, Houston and the DFW area accounted for 48% of all the money that House members raised. Three Austin ZIP codes supplied \$4.4 million, 35% of the total.²

Texas Needs Reasonable Limits:

In its landmark 1975 *Buckley v. Valeo* decision the U.S. Supreme Court upheld the constitutionality of limits on campaign contributions to candidates and PACs. Texas needs to adopt such reasonable limits as:

- ★ Limit all contributions to candidates and to PACs to \$1,000 per election.
- ★ Limit the total amount an individual can contribute to all state candidates and candidate PACs active in Texas to \$25,000 per year (similar to existing limits for federal offices).
- ★ Require legislative candidates to raise a minimal share of money (such as 70%) from the district that they seek to represent.

¹Contribution limits to judicial candidates are much too indulgent. They allow, for instance, a single individual or corporation to funnel \$300,000 to a single judicial candidate through a political committee.

²Includes all itemized contributions of \$100 and above (which represents 95% of all the money raised by House incumbents).