



**LEAGUE OF WOMEN VOTERS
OF TEXAS**

**Money, Politics, and Ethics: What's at Stake?
Making Democracy Work through Effective Reform**

Background

In 1991, the League of Women Voters of Texas (LWV-TX) supported the establishment of a state ethics commission to monitor and enforce election laws. In 1992-93, LWV-TX conducted an extensive study of the political campaign process in Texas. Based on the results of the study, the following positions are among those supported by the League:

- Limits on the total amount of campaign contributions candidates or political parties may accept;
- Limits on what a candidate may spend to get elected;
- Requirements that campaign contributions be used only for campaign expenses;
- Changes in laws, practices, and policies governing political campaigns in order to protect citizens' right to know; strengthen accountability in financial reporting; combat corruption and undue influence; and promote fairness and accuracy on the part of candidates, public officials, former officeholders, lobbyists, and the media;
- Full, timely disclosure through electronic filing of required finance reports.

The League has strongly advocated for these reforms in every session of the legislature since the positions were adopted.

Campaign Finance Reform

To date, some progress has been made. In 1995, LWV-TX worked successfully to require limits on contributions for judicial candidates for appellate courts. In 1999, LWV-TX worked to require the electronic filing of reports that would be published on the internet by the Ethics Commission, although the system needs to be more user-friendly.

In 2003, as part of a statewide coalition, the League worked for the passage of **HB 1606**, a bill that would strengthen Texas Ethics Commission after a review by the Sunset Commission. However, the bill did not go far enough to be truly effective. Some lawmakers from both parties have introduced many bills over the years proposing limits on contributions and agreements for voluntary spending limits for legislative candidates that did not pass. Since the Ethics Commission was established, it has not presented any proposals to regulate the funding of campaigns.

During the 2004 presidential campaign, there were signs of a renewed public interest in the electoral process resulting in a changed landscape in voter participation at the polls. In the 2000 presidential election in Texas, 51% of registered eligible voters voted; in 2004, 56% of eligible voters went to the polls. While this is not a dramatic increase, the momentum to encourage citizens to vote must be continued. Confidence in the electoral process is still a problem as witnessed by the challenges to a number of election results and by the dispute in Texas involving the unreported corporate and union donations designed to influence the outcome of some elections.

Texas law has prohibited contributions from corporations for 100 years. Loopholes in the law have resulted in huge amounts of funds contributed by unnamed corporations to finance issue ads that are veiled attacks on candidates, usually distributed close to the election so that the targeted candidates cannot respond or refute the charges in a timely fashion. The ads are claimed to be “educational”, *i.e.*, supposedly informing the public on issues supported or opposed by the opposition candidates. However, they are most often negative, with little substantiation. The proponents of the ads argue that because they do not say to vote “for” or “against” the candidate, they are legal.

Substantial funds raised from unreported corporate donors, the proponents argue, are legal because they cover administrative costs and, allegedly, do not directly benefit candidates. However, the definition of “administrative expenses” is far from clear. It is generally understood that such costs would be overhead expenses, that is, clerical and office expenses. Proponents claim that expenses such as “educational” issue ads, polling, and phone banks are part of administrative costs.

What to Do

To combat the growing trend to dilute the law banning corporate and union contributions, and to strengthen campaign finance laws, *Organizations for Campaign Reform* developed the following four fundamental political reforms:

- **Close the corporate and union money loopholes;**
- **Establish reasonable limits on campaign contributions;**
- **Improve the effectiveness and independence of the Texas Ethics Commission;**
- **Require legislators to record all non-ceremonial legislative votes.**

To start the push for these reforms, *Group* members held a news conference on the first day of bill pre-filing to kick off the campaign; conducted four regional summit meetings to educate the public and recruit new participants; and met individually with lawmakers to “test the waters” and gain support for these reforms. The *Group's* priority of the four is **to close the corporate and union money loopholes**. For this effort, LWV-T X will support:

- **A state version of the federal McCain-Feingold Law that would prohibit corporate and union money from paying for ads 60 days before an election;**
- **A clear definition of “administrative expenses” that corporate money can be used for;**
- **A ban on out-of state contributions from PACs and party committees that accept corporate funds.**

The League of Women Voters believes political reform is not a partisan issue and will actively support legislation that meets these four goals for the benefit of all Texans.

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