

TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station
Austin, Texas 78711-2070

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December 31, 2014

Hardhatters Team
c/o Hal Hawkins, Editor

E-Mail: hal.hawkins@hardhatters.com

Dear Hardhatters Team,

Thank you for your interest in the important work of the Texas Ethics Commission generally, and specifically for your [December 29th report](#) on campaign loans under the Texas Campaign Finance Law. Citizen participation is essential to ensure transparency. Texas law prohibits very little political activity outright, so disclosure is the only way an informed electorate can monitor its democratic processes.

Your history of the agency is accurate in its broad strokes, but I would like to clarify some of the detailed comments in the article. It is quite true that we are an agency with a big name and constitutional status, yet are only endowed by the legislature with modest powers. Our ability to enforce many of our actions is limited and, as you say, efforts to add more “teeth” have been rejected by the legislature for its own reasons. Finally, the de novo right of appeal from any of our final rulings means that our opinions are simply that. In a case that pre-dates my involvement, one of our final rulings was appealed, but has been allowed to languish in the court system for years despite our best efforts to move the case forward as the defendant. I assure you that we are more frustrated by that kind of delay than you are, but the system functions as designed.

In spite of that reality, the Commission processes and disposes of hundreds of cases a year with sincere, individualized effort to accomplish fairness without scaring good citizens away from public service. Contrary to your statement, the Commission **does not ignore complaints** during election season and **does independently initiate investigations**. The Commission considers each complaint that complies with the legal requirements for a sworn complaint regardless of when the complaint is filed. It is true that we warn candidates away from using our sworn complaint process as a negative campaign tactic.

So far this election year, 259 complaints were filed with the Commission and 22 complaints were independently initiated by the Commission. To carry out its duties, in 2014 the eight citizens that constitute the Commission have met much more than is required by law and have enforced the laws we are entrusted to enforce consistent with the spirit of the constitutional amendment approved by Texas voters in 1991. Approximately 250 sworn complaints have been disposed of during that same period.

As to the reporting of loans, please note that reporting under the Texas Campaign Finance Law is not subject to generally accepted accounting principles. It is legal for a candidate/officeholder to report the use of personal funds for campaign/officeholder purposes in one of three ways as explained on our website at http://www.ethics.state.tx.us/whatsnew/tips_personal_funds.html.

Come visit our home page at <http://www.ethics.state.tx.us> on the Internet.

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The Texas Ethics Commission does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

Also, note that outstanding loans incurred in connection with a local campaign that are carried over to a state campaign are not required to be disclosed as new loans in reports filed with the Commission. Additionally, it is legal for a candidate/officeholder to use personal funds to make a loan to their specific-purpose political committee and to then seek reimbursement for such loans. It is also legal for a candidate/officeholder to seek reimbursement for political expenditures made from personal funds. The proper methods for reporting such expenditures are set out in the law, and are not based on generally accepted accounting principles.

The Texas Ethics Commission has been working on a new electronic filing system that will replace the current electronic filing system for campaign finance, lobby, and personal financial statement filings. This new electronic filing system will be an intuitive interview-style system that will provide feedback to assist filers in accurately completing reports and will provide the public with more accurate disclosure. The new system will also contain comprehensive management tools, including a robust database that will allow the commission to verify the completeness and accuracy of certain disclosure information.

Again, thank you for your interest in the important work of the Texas Ethics Commission, and please do not hesitate to call the Commission's legal division if you have any questions regarding the disclosure requirements under the Texas Campaign Finance Law.

Sincerely,

Paul W. Hobby
Chairman

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