

# **Campaign Finance Reporting: Chapter 2-2 Code Changes**

Office of the City Clerk  
March 29, 2016

# Agenda

---

- ▶ ATX Campaign Finance Form Review
- ▶ Observations
- ▶ Recommendations
- ▶ Status
- ▶ Questions

# ATX Campaign Finance Form Review

---

- ▶ Goal: Accommodate data provided in the ATX forms in the Campaign Finance Database Initiative
  - ▶ Avoid duplicate data
  - ▶ Develop clear and consistent reporting timelines
  - ▶ Redesign the forms to simplify collecting electronic data
- ▶ Methodology
  - ▶ Side-by-side comparison of ATX forms and the Texas Ethics Commission (TEC) forms
  - ▶ Examination of reporting requirements listed in Chapter 2-2 of the Austin City Code
  - ▶ Review of deadlines for TEC and ATX form submission

# Current ATX Campaign Finance Forms

---

- ▶ **ATX.1:** Independent Expenditures Not by a Candidate
- ▶ **ATX.2:** Personal Funds - Loans and Expenditures
- ▶ **ATX.3:** Campaign Debt Reconciliation
- ▶ **ATX.4:** Bank Reconciliation
- ▶ **ATX.5:** Bundling Report
- ▶ **ATX.6:** Exemption Statement
- ▶ **ATX.7:** Special Pre-Election Report

# Overall Observations

---

- ▶ **Inconsistent Filing Deadlines**

- ▶ Some ATX forms align with TEC reporting deadlines
- ▶ Others are tied to monetary thresholds

- ▶ **Duplicate/Redundant Information**

- ▶ Some ATX forms collect information that is reported on TEC Schedules

- ▶ **Complexity**

- ▶ Some ATX forms combine multiple data types (contributions and expenditures) or sources (candidates and committees)

# Overall Recommendations

---

## ▶ **Streamline Filing Deadlines**

- ▶ Align ATX reporting deadlines with state reporting periods, including pre-election report deadlines

## ▶ **Eliminate Duplicate/Redundant Information**

- ▶ Where possible, remove redundant reporting requirements while maintaining transparency

## ▶ **Reduce Complexity**

- ▶ Clarify who must file each report
- ▶ Re-design ATX forms to match the structure of TEC forms to support systematic data capture

# Recommendation: Reporting Periods

---

- ▶ Align Austin's reporting schedule with the TEC's reporting requirements
  - ▶ January 15
  - ▶ July 15
  - ▶ 30th day before an election
  - ▶ 8th day before an election
  - ▶ 8th day before a runoff election
  - ▶ Pre-election reporting period
    - ▶ 9th day before an election through 5:00pm the day before an election
    - ▶ Triggered when amount thresholds are met

# ATX.1: Independent Expenditures

---

- ▶ § 2-2-32, *Reporting of Independent Expenditures*
- ▶ Form ATX.1 is used to disclose independent expenditures that support/oppose a candidate or ballot measure
- ▶ Rolling filing deadlines
  - ▶ Before 60th day (5 days) , 60th day to 9th day (2 days), 9th day to election day (1 day)
- ▶ Recommended Code changes:
  - ▶ Eliminate filing requirement for committees
  - ▶ Adopt reporting deadlines that align with the State's reporting schedule



# ATX.1: Independent Expenditures

---

- ▶ Who will be required to disclose these expenditures?
  - ▶ Individuals, businesses, and other entities not required to file reports under the Texas Election Code
- ▶ Modify reporting deadlines
  - ▶ Eliminate threshold-based reporting requirement
  - ▶ Adopt TEC reporting deadlines
  - ▶ Apply updated pre-election reporting requirement

## ATX.2: Personal Funds

---

- ▶ § 2-2-27, *Disclosure of Loans from a Candidate or Officeholder and Expenditures from the Funds of a Candidate or Officeholder*
- ▶ Form ATX.2 is used to disclose:
  - ▶ Campaign expenditures from the personal funds of a candidate or officeholder
  - ▶ Loans from personal funds to a candidate's campaign
- ▶ Reporting periods
  - ▶ Date of declared candidacy to 12am on 10th day (7 days)
  - ▶ 10th day before election until election day (1 day)

## ATX.2: Personal Funds

---

- ▶ Recommendation: Move the ATX.2 reporting requirement to the pre-election reporting period
  - ▶ Outside the pre-election reporting period, this information is already disclosed on:
    - TEC Schedule E**, Loans (including loans made from personal funds)
    - TEC Schedule G**, Political Expenditures Made From Personal Funds

## ATX.3: Campaign Debt Reconciliation

---

- ▶ § 2-2-42, *Annual Reconciliation of Campaign Debt*
- ▶ Form ATX.3 is used to disclose:
  - ▶ For loans and campaign debt, the name of the creditor, the principal amount owed, the interest rate, and the date of maturity
  - ▶ Campaign debt in existence as of the first and last day of each calendar year

## ATX.3: Campaign Debt Reconciliation

---

- ▶ Recommendation: Eliminate this reporting requirement
- ▶ This information is already disclosed on:
  - TEC Schedule E**, Loans (The name of the creditor, date of the loan, principal amount, interest rate, maturity date, guarantor information)
  - TEC Schedule F1**, Political Expenditures Made From Political Contributions (Loan payments)
  - TEC Form C/OH, Section 6, Outstanding Loan Totals**  
Total principal amount of all outstanding loans as of the last day of the reporting period

## ATX.4: Bank Reconciliation

---

- ▶ § 2-2-25, *Annual Reconciliation Filing By Candidates and Campaign Committees*
- ▶ Form ATX.4 is used to disclose:
  - ▶ Checks issued but not cleared
  - ▶ Interest and dividends earned
  - ▶ Checks received but not deposited
  - ▶ Checks deposited but dishonored by the contributor's bank
  - ▶ Bank account balances as of the first and last day of each calendar year

## ATX.4: Bank Reconciliation

---

- ▶ Recommendation: Eliminate this reporting requirement
- ▶ This information is disclosed on:
  - TEC Schedule F1**, Political Expenditures Made From Political Contributions
  - TEC Schedule F2**, Unpaid Incurred Obligations
  - TEC Form C/OH, Section 5, Contribution Balance**  
Total contributions maintained as of the last day of the reporting period
  - TEC Schedule K**, Interest, Credits, Gains, Refunds, and Contributions Returned to Filer

## ATX 5: Bundling Report

---

- ▶ § 2-2-22, *Fundraising and Bundling By Intermediaries*
- ▶ No recommended changes at this time, aside from updating the form's design
- ▶ Data will not be uploaded into the Campaign Finance Database in this project phase
  - ▶ Pending clarification of:
    - ▶ Definition of bundling activity and associated reporting requirements
    - ▶ Connections between lobbyist activity and bundling



## ATX.6: Exemption Statement

---

- ▶ § 2-2-26, *Filing of Campaign Finance Data*
- ▶ Filed in lieu of submitting a data file for each campaign finance report
- ▶ Recommended Code changes clarify:
  - ▶ Who can file an exemption statement
  - ▶ Conditions under which the exemption is permitted
  - ▶ Requirements for candidates when they no longer qualify for the exemption

## ATX.6: Exemption Statement

---

- ▶ Who can file an exemption statement?
  - ▶ A candidate or an officeholder running for re-election
- ▶ Conditions under which the exemption is permitted
  - ▶ Report's due date falls within the campaign period
  - ▶ Candidate has not signed the campaign contract
  - ▶ The candidate has not raised and does not intend to raise more than \$10K in contributions during the campaign period
- ▶ Requirements for candidates if they no longer qualify
  - ▶ Submit a data file for each subsequent report
  - ▶ Submit a data file for each prior report due during the campaign period before the contributions exceeded \$10K

## ATX.7: Pre-election Report

---

- ▶ § 2-2-29, *Special Pre-election Reports*
- ▶ Form ATX.7 is currently used to disclose transactions between the 9th day before an election and the day before an election
  - ▶ Candidates who accept contributions totaling >\$10K
    - ▶ Contributions
  - ▶ Committees who accept contributions totaling >\$2.5K or make expenditures totaling >\$1K
    - ▶ Contributions
    - ▶ Expenditures

# ATX.7: Pre-election Report

---

- ▶ Recommendations:

- ▶ Combine the ATX.1 (for committees), ATX.2, and ATX.7 reporting requirements into a comprehensive Pre-election Report
- ▶ Clarify reporting requirements for candidates and committees

# Proposed Pre-election Reports

---

- ▶ **ATX.PE-COH: Pre-election Report – Candidates and Officeholders**
  - ▶ ATX.7A: Pre-election Report of Contributions
  - ▶ ATX.7E: Pre-election Report of Loans From Personal Funds
  - ▶ ATX.7G: Pre-election Report of Expenditures From Personal Funds
- ▶ **ATX.PE-PAC: Pre-election Report - Committees**
  - ▶ ATX.7A: Pre-election Report of Contributions
  - ▶ ATX.7F: Pre-election Report of Expenditures

# Status

---

- ▶ Clerk's Office staff briefed Ethics Review Commission February 10, 2016
  - ▶ ERC recommended adoption of the proposed changes on a 10-0 vote
- ▶ Clerk's Office staff drafting revised ATX forms
  - ▶ Creation of fillable PDF documents
  - ▶ Testing extraction of data from the PDF forms
  - ▶ Verifying compatibility with the Campaign Finance Database data formats and validation tools

# Status

---

- ▶ Brief Council on Code revisions March 29, 2016
- ▶ Council vote March 31, 2016
- ▶ If approved, Clerk's Office will:
  - ▶ Finalize the new form designs
  - ▶ Submit the new forms to the Ethics Review Commission for approval (April 13, 2016)
  - ▶ Include new forms and instructions in the City Clerk's Candidate Packet (May 6, 2016)
  - ▶ Incorporated data into the Campaign Finance Database Initiative Phase II (July 15, 2016)

---

# Questions



# **Campaign Finance Reporting: Chapter 2-2 Code Changes**

Office of the City Clerk  
March 29, 2016