



PAAT INSTITUTE

— 2025 —

**INTERIM/ELECTION COMPLIANCE
& AVOIDING COMPLAINTS**

INTERIM/ELECTION COMPLIANCE & AVOIDING COMPLAINTS

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Good compliance isn't about fear — it's about freedom to advocate with confidence.

NO OFFSEASON FOR COMPLIANCE

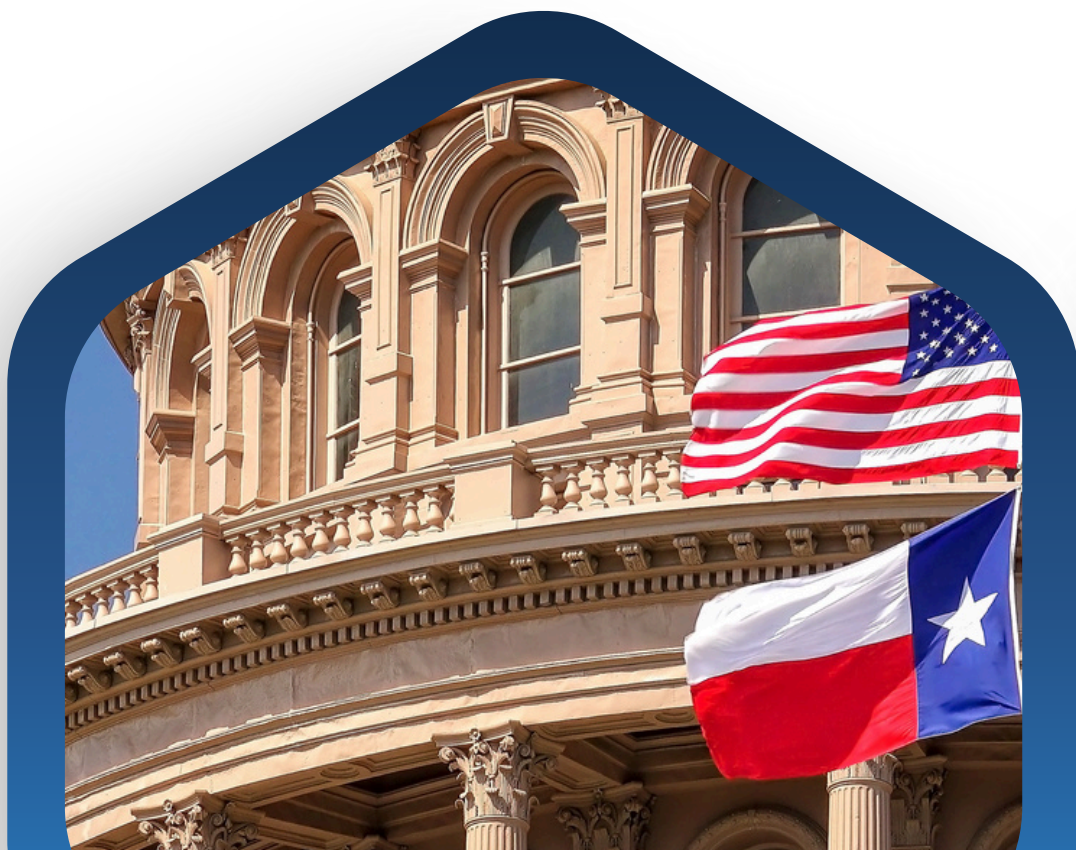
WHY THIS MATTERS—
ADVOCATING WITH CONFIDENCE

Interim=Quieter
But Same



Election Year
Blurred Lines

Event
Participation



FILING

REGISTRATION +
REPORTING



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Lobby Filings: Closing Out 2025 & Looking Ahead to 2026



Close out 2025 Registration - Make sure to file either a monthly report or an annual report of your expenditures by January 10th.

- Your 2025 registration expires December 31.

2026 Registration began Dec 1st for 2026.

- Now is the time to get updated information from clients and employers. Some information (officers, board members, etc.) is not required to be updated if it changes throughout the year, but it must be correct at registration.
- If you get the updated information from your client or employer, then you have a basis for why you included the information in your registration if there is a complaint.



Lobby Filings: Closing Out 2025 & Looking Ahead to 2026



To Register or Not To Register...That is the Question (for 2026):

- Evaluate early—active in interim committee hearings, pre-session strategy, event sponsorships, etc.
 - It may be an easy decision for the people sitting in this room, but what about your clients or association execs or corporate bosses.
 - Rule 34.5 only applies to the compensation threshold, not the expenditure threshold, and it only applies if you are not already registered.

Decision Factors: Level of client engagement during interim; compensation thresholds:

- Monitor when communications or expenditures cross registration thresholds.
 - If you register in December for 2026, you do not have to worry about when you cross a threshold in the new year and when the deadline is for you to register.

REGISTRATION TRIGGERS

Lobby registration is required if an individual or entity crosses specific financial thresholds

MAKES EXPENDITURES OVER A CERTAIN AMOUNT

- >\$970 (2025) / >\$990 (2026) per quarter
- To communicate with a state official or employee to influence legislation or administrative action.

IS COMPENSATED MORE THAN A CERTAIN AMOUNT

- >\$1,930 (2025) / >\$1,990 (2026) per quarter
- Have you been paid or do you expect to be paid?
- Have you spent more than 40 hours communicating or preparing to communicate?
- Have you communicated?
- Then Register

IF YOU MEET ONE OF THE TWO THRESHOLDS AND YOU DIRECTLY COMMUNICATE YOU MUST REGISTER.

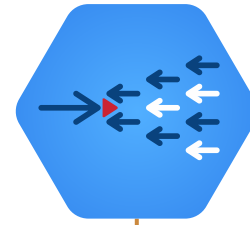


Once you trigger registration by crossing either the compensation or the expenditure threshold and communicate, you have 5 days to register.



If you have already registered, you then must add new clients or new subject matters by the next reporting deadline (10th of the month following the change) or within 5 days if during a regular legislative session (legislation passed in 2011).

Lobby Registration Exceptions



- Bona fide media
- Public testimony only
- Attendance at event paid by business, union or corporation
- Communication on behalf of political party (if activity less than \$11,120 for 2025 and \$11,440 for 2026 in a calendar year)
- Requesting an interpretive advisory opinion
- Preparing or submitting a legally required document
- Achieving/demonstrating legal compliance
- Responding to a specific request for information
- Communicating with agency attorney re litigation or an adjudicative proceeding
- 40-hour exception to compensation threshold: ≤ 40 hours/quarter including prep; max 8 hours/day; must communicate at least once

COMPLIANCE SUMMARY

- Close out 2025 registration
- File end of 2025 Report by January 10
- Update client information, subjects for 2026
- Register proactively for 2026 if you expect to meet thresholds in Q1

GUARDRAILS

REGISTRATION +
REPORTING



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ACTIVITY REPORTS

RECIPIENT CATEGORIES

- **Transportation & Lodging***
- **Food & Beverages*+**
- **Entertainment***
- **Gifts+**
- **Awards & Mementos**
- **Mass Media Communications**
- **Political Fundraisers/Charity Events***

***Presence is required**

+Food or beverages with a value of \$110 or less intended as a gift for a member of the legislative or executive branch and delivered by first-class United States mail or by common or contract carrier outside the Capitol Complex is considered to be and reported as a gift.

ACTIVITY REPORTS

SPLITTING EXPENDITURES

A registrant may split an expenditure with another registrant and not lose the exceptions found in the Penal Code for bribery and gifts.

Do not split with a non-registrant.

A reportable person may pay you back as long as less than \$200 and by the next time you need to report.
Reimburse In full.

“Buy-downs” are prohibited.

EXPENDITURE LIMITS

STATE OFFICIAL/EMPLOYEE CAN'T SOLICIT OR ACCEPT CERTAIN THINGS FROM REGISTERED LOBBYIST, INCLUDING:

- A loan or a gift of cash (including gift cards since they can be converted to cash)
- Transportation or lodging (unless related to a fact-finding seminar or conference in which the official/employee is substantively involved)
- Entertainment totaling more than \$500 per calendar year
- Gifts totaling more than \$500 per calendar year
- Award or memento that exceeds \$500
- Lobbyists must be present at certain expenditures

If you plan to make an expenditure for state agency officials or staff, be sure to check the rules of each different agency. Some prohibit their employees from receiving benefits.

KEY PROHIBITIONS

PRESENCE IS REQUIRED FOR ALL FOOD AND BEVERAGES UNLESS IT MEETS THE “GIFT” EXCEPTION - AND, NO TRANSPORTATION OR LODGING CAN BE PROVIDED UNLESS:

- (3) necessary expenditures for transportation and lodging when the purpose of the travel is to explore matters directly related to the duties of a member of the legislative or executive branch, such as fact-finding trips, including attendance at informational conferences or an event described by Subdivision (4), but not including attendance at merely ceremonial events or pleasure trips;
- (4) necessary expenditures for transportation, lodging, food and beverages, and entertainment provided in connection with a conference, seminar, educational program, or similar event in which the member renders services, such as addressing an audience or engaging in a seminar, to the extent that those services are more than merely perfunctory;
- (5) an incidental expenditure for transportation as determined by commission rule.

REPORTING SUMMARY

ACTIVITY	DOLLAR DETAILED REPORTING THRESHOLD	DOLLAR LIMIT	CORPORATE FUNDS ACCEPTABLE	PRESENCE REQUIRED
FOOD AND BEVERAGE	\$132.60 per day	N/A	Y	Y
ENTERTAINMENT	\$132.60 per day	\$500 per year	Y	Y
GIFTS	\$110 value	\$500 per year	Y	N
TRANSPORTATION AND LODGING	\$132.60 per day	N/A	Y	Y
AWARDS AND MOMENTOS	\$110 value	\$500 per award or memento	Y	N
POLITICAL FUNDRAISER OR CHARITY EVENT	Any amount is detailed	N/A	N/Y	Y
EVENTS TO WHICH ALL LEGISLATORS ARE INVITED	N/A	N/A	Y	Y

WHY THIS MATTERS

PENALTIES

**SWORN
COMPLAINTS**

FINES

BRIBERY

SO...RECORDKEEPING IS CRITICAL

COMPLIANCE TIPS

- Presence required for most expenditures.
- Inviting all members to events helps with reporting.
- Don't split expenditures with a non-registrant.
- Conference/seminar benefits are allowed only when services rendered are more than perfunctory.
- Recordkeeping is key.

CAMPAIGN

LOBBY VERSUS
CAMPAIGN ACTIVITIES



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LOBBY VERSUS CAMPAIGN

INDUSTRY EVENT

This type of event includes a “meet and greet” where corporate officers/employees are invited to meet with a legislator to discuss legislative initiatives and issues of importance to the industry.

- Company has coordinated the event with the legislator’s state staff.
- The public official’s speech or presentation is limited to legislative updates or a discussion of issues impacting the industry.
- Invitees are not asked/encouraged to bring political contributions.
- Invitees are limited to corporate employees/officers.
- Corporation controls public official's message.

This event type may be paid with corporate funds and reported as a lobby expenditure.

CAMPAIGN EVENT

This type of event has the practical effect of promoting a candidate’s electoral efforts.

- The legislator is seeking re-election and has an opponent in either the primary or general election, and the corporation has not invited the other candidates.
- The company has coordinated the event with the legislator’s campaign.
- The legislator’s campaign has played any part in promoting the event.
- Invitees are encouraged to bring contributions for the legislator’s campaign.
- Invitees are not limited to company employees/officers.

This event type must be paid with PAC non-corporate funds and reported as an in-kind contribution to the legislator’s campaign.

LOBBY **VERSUS** CAMPAIGN

ACTIVITY TYPE	LOBBY EVENT (Corporate Funds Allowed)	CAMPAIGN (PAC Funds Required)
Purpose/Content	Legislator provides legislative updates or discusses issues impacting the industry; the corporation controls the official's message.	Has the practical effect of promoting a candidate's electoral efforts.
Coordination	Coordinated with the legislator's state staff .	Coordinated with the legislator's campaign .
Attendees	Invitees are limited to corporate employees/officers.	Invitees are not limited to corporate employees/officers.
Funding/Solicitation	Invitees are not asked or encouraged to bring political contributions.	Invitees are encouraged to bring contributions for the legislator's campaign.
Reporting	Paid with corporate funds and reported as a lobby expenditure .	Paid with PAC non-corporate funds and reported as an in-kind contribution to the campaign.

DO YOU HAVE A PAC?

SHOULD YOU? TYPES OF PACS INCLUDE:

- General-Purpose Committees (GPAC/MPAC)
- Specific-Purpose Committees (SPAC/JSPAC)
- "Hybrid" Political Committees (GPAC/SPAC)
- Direct Campaign Expenditure Only Committees (GPAC/SPAC)

COMPLIANCE TIP

- If you invite a sitting member to participate in an event and they have an opponent, make sure to discuss the messaging in advance.

AGAIN—KEY REMINDERS

- **Closeout Filing Deadline for 2025:** Lobbyists must close out their 2025 registration by filing either a monthly report or an annual report of expenditures by January 10th. The 2025 registration expires on December 31st.
- **Registration Triggers and Deadlines:** Lobby registration is required if an individual or entity crosses specific financial thresholds, spends enough time communicating or preparing to communicate, and directly communicates to influence legislation or administrative action. Once registration is triggered by crossing either the compensation or the expenditure threshold and communication occurs, the individual has 5 days to register.
- **Proactive Registration for 2026:** Registration for 2026 began on December 1st. It is advised to register proactively if thresholds are expected to be met in the first quarter, as early registration results in not accidentally registering late. Additionally, current client and employer information, such as officers and board members, must be correct at the time of registration.
- **Registration Exceptions:** There are several exceptions to lobby registration requirements, including preparing or submitting a legally required document, public testimony only, engaging in bona fide media activities, or meeting the 40-hour exception (≤ 40 hours per quarter, with a maximum of 8 hours per day spent communicating and preparing to communicate).
- **Detailed Reporting and Recordkeeping:** A number of lobbying expenditures—especially food, beverages, entertainment, and certain gifts—carry per-day reporting triggers and annual caps, so it's critical to monitor spending in real time and flag any date or category where you exceed a threshold. Due to the potential for fines, penalties, and sworn complaints, recordkeeping is critical.
- **Lobbyist Presence:** For many reportable expenditures, including food and beverages, entertainment, and transportation/lodging, the lobbyist's presence is required. The exception to this rule for food and beverages is if the item meets the "gift" exception (value of \$110 or less, delivered by US mail or common/contract carrier and delivered outside the Capitol Complex).
- **Expenditure Prohibitions and Limits:** A loan or a gift of cash (including gift cards) is prohibited. Annual limits on certain expenditures are in place, such as \$500 per calendar year for entertainment and \$500 per calendar year for gifts. Transportation or lodging generally cannot be provided unless it is related to official duties (like fact-finding trips or informational conferences) and not merely ceremonial or a pleasure trip.
- **Rules for Splitting Expenditures:** A registrant is permitted to split an expenditure with another registrant without losing the exceptions found in the Penal Code for bribery and gifts. However, splitting expenditures with a non-registrant is highly discouraged and has penal code implications.
- **Differentiate Lobby Events from Campaign Events:** An event is classified as a Lobby Event (allowable with corporate funds) if it is coordinated with the legislator's state staff, invitees are limited to corporate employees/officers, and attendees are not encouraged to bring political contributions. An event that promotes a candidate's electoral efforts, is coordinated with the legislator's campaign, and solicits contributions is a Campaign Event and must be paid with PAC non-corporate funds.

LOOKING AHEAD

**2026 COMPLIANCE
CHALLENGES**



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LEGISLATION: BABY FARA



Introduces new transparency and restriction rules on lobbying conducted on behalf of “foreign adversaries”.

KEY TAKEAWAYS:

- Registration trigger: No quarterly expenditure threshold or quarterly compensation threshold – any lobbying activity on behalf of an adversary requires registration.
- Compensation ban: Cannot accept payment (direct or indirect) for lobbying work connected to foreign adversaries.
- Client vetting: Screen clients’ corporate ownership, funding sources, and affiliations.
- Overlap risk: Some actors may be subject to both federal FARA and Texas HB 119.
- Civil penalties: Up to \$10,000 + disgorgement of compensation + AG injunctions.

IMPLICATIONS FOR LOBBYISTS:

- Expect drop-off in foreign-linked clients (especially in energy, tech, and ports).
- Increased legal costs for compliance review.
- Texas joins a trend of states enacting “mini-FARA” laws → national patchwork for lobbyists.
- May create competitive advantage for firms that invest in robust compliance/due diligence screening.

HB 119

KEY ISSUES ON HORIZON

- AI, Data Scraping, and Digital Communication:
 - Example of Misinformation
 - Where are we now on “deep fakes”?
- Commission
 - New law that title 15 filers must designate if an address used on an expenditure is a residential address. Managing that during campaign season could be tricky.

SCENARIOS

COMPLIANCE IN PRACTICE:
SITUATIONS TO EXPLORE



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“THE VIP UPGRADE” — GIFTS VS. EVENT LOGISTICS



A lobbyist gives a legislator a standard ticket to an event. Upon arrival, event staff upgrade the legislator to VIP seating, champagne service, and a backstage meet-and-greet at no extra cost.

Issues:

- Does the lobbyist have an obligation to report benefits they give to members but didn't pay for?
- Is the VIP upgrade a reportable benefit from the event host?
- Why isn't the lobbyist with the legislator at this event?



“THE SUITE SHARING PROBLEM” — SPLIT COSTS & ATTRIBUTION



A non-registrant client leases a suite at Moody Center for a year. The lobbyist attends several events and occasionally invites legislators and staff.

Issues:

- Who is the giver- the client or the lobbyist?
- Should the lobbyist document value allocation?
- How to calculate per-event value when the suite is leased annually?
- Does food & beverage count separately?



“THE MIXED-PURPOSE DINNER” – BUSINESS VS. SOCIAL PORTIONS



A lobbyist joins a legislator for dinner with spouses present. The conversation is mostly personal, but the legislator asks one question about a key bill.

Issues:

- Are spouses' meals attributable to lobbying?
- How to value “mixed-purpose” events?
- At what point does social interaction become reportable? Is it ever only “social interactions” between a lobbyist and a legislator?



“THE STAFFER REQUEST” – DRAFTING LANGUAGE



A committee staffer asks a lobbyist to draft revisions to a bill. The lobbyist’s edits are substantive and later appear in the filed version.

Issues:

- Is drafting considered a “direct communication”?
- How to report the time and compensation? Is it a gift?
- What If the lobbyist’s client reviews – does this make a difference?



“THE GOLF HOLE SPONSORSHIP” – WHEN HOSPITALITY IS INDIRECT



A client sponsors a hole at a charity golf tournament. The lobbyist hosts a group of legislators rotating through the sponsored hole with drinks, snacks, and swag.

Issues:

- Who is the giver – the lobbyist or the client?
- Are the refreshments reportable even if part of a charity event?
- What are the categories of reporting here?
- Does the hole sponsorship’s value get reported?
- What if lobbyists from multiple firms share hosting duties?



“THE FESTIVAL PASS” – FUNDING SOURCE MATTERS



A lobbyist’s firm receives six ACL passes through a corporate partnership. The lobbyist invites legislators and attends with them.

Issues:

- Who is the giver – the lobbyist or the firm?
- How to calculate the value when the firm did not individually purchase passes?
- How to distinguish between corporate public-relations spending vs. lobbying spending? Is there a difference?
- Does the frequency of such invitations trigger enhanced reporting scrutiny since entertainment has an annual limit?
- Since the lobbyist will report on behalf of the firm, does that mean the expenditure goes against the firm’s \$500 annual limit for entertainment?



“THE INTERN WITH ACCESS” — STAFF, INTERNS & SHADOW LOBBYING



A firm brings on a college intern who sits in on client calls, takes notes, and helps prepare materials. They never directly communicate with legislators.

Issues:

- When does “behind the scenes” work trigger registration?
- How to train young staff to avoid accidental lobbying?
- What to disclose when interns contribute to research used in legislative outreach? (e.g. mass media communications)



“THE SOCIAL MEDIA PROMPT” – AI, COMMUNICATIONS & LOBBYING



A firm uses an AI tool to generate draft messages encouraging constituents to contact a legislator about a pending bill. No direct payment is made for the distribution—only staff time.

Issues:

- Is AI-assisted content considered a “direct communication”? Is it mass media communications?
- What triggers lobby thresholds or lobby reporting when technology is involved?
- How to disclose costs for digital tools?





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