



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 181

January 27, 1994

*Whether an incorporated association may raise funds for a general-purpose committee that it has established by combining contribution solicitations with the association's yearly dues invoice.
(AOR-200)*

The Texas Ethics Commission has been asked whether an incorporated association may establish a general-purpose political committee and solicit contributions to the committee by combining contribution requests with its yearly dues invoices to members, most of whom are sole proprietorships. The requestor explains that members would send one check to the association that would include both the membership dues for the association and a contribution to the general-purpose political committee, with the understanding that the money exceeding the dues amount was "earmarked" for the political committee. The association would process the checks and transfer the amount earmarked for the committee from the association's general corporate account to the general-purpose committee account, using a corporate check. The requestor asks if such a proposal is permissible under title 15 of the Election Code.

We believe the requestor's proposed funding mechanism would comply with Texas law, provided the general-purpose committee complies with the recordkeeping and reporting provisions of title 15 of the Election Code and commission rules. The legal question raised is whether the requestor's proposal would involve a prohibited expenditure of corporate funds.¹ Although title 15 generally prohibits political expenditures by corporations, a corporation is permitted to finance the costs of establishing and administering a general-purpose committee, as well as the costs of soliciting contributions to the committee from the stockholders, employees, or members of the incorporated entity. Elec. Code §§ 253.094, 253.100; *see also* [Ethics Advisory Opinions Nos. 163, 132](#) (1993). The use of the association's resources to solicit and process contributions to the general-purpose committee from its members would be permissible as a method of financing the solicitation costs of the political committee.²

Furthermore, the fact that the contributions would flow through the incorporated association's general account before being deposited in the general-purpose committee's account would not violate the prohibition on corporate political activity. In [Ethics Advisory Opinion No. 108](#) (1992), we stated that a political contribution from a partnership did not become a prohibited corporate contribution just because a corporation acted as an intermediary in disbursing the funds to their ultimate recipient. Likewise, the procedure suggested here would not violate section 253.094 of the Election Code if the corporation's only role in the transaction was to act as a conduit for contributions from members of the association to the political committee. The general-purpose committee must, of course, keep records indicating the source and date of each individual contribution and the name, address, and occupation of each contributor, and report the information required by chapter 254 of the Election Code. *See* Elec. Code §§ 254.001 (Recordkeeping Required), 254.031 (General Contents of Reports), 254.151 (Additional Contents of Reports).

SUMMARY

An incorporated association may raise funds for a general-purpose committee it has established by combining contribution solicitations with the association's yearly dues invoices to its members.

¹ Section 253.101(a) of the Election Code provides the following: A political committee assisted by a corporation or labor organization under Section 253.100 may not make a political contribution or political expenditure in whole or part from money that is known by a member or officer of the political committee to be dues, fees, or other money required as a condition of employment or condition of membership in a labor organization. Because the dues in the situation before us are not required as a condition of employment or of membership in a labor organization, we need not now discuss the implications of this provision for the funding proposal discussed in this opinion.

² The request letter states that most of the members are sole proprietorships. If a member of the association is either a corporation or an entity considered to be a corporation under Election Code section 253.093, the member would be allowed to contribute to the general-purpose committee only to finance the administration of the committee and the solicitation of funds for the committee. See [Ethics Advisory Opinions Nos. 163, 132 \(1993\)](#).