



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 217

July 8, 1994

Whether a corporation may administer a payroll deduction system for its employees to contribute to a political committee established by the corporation or by a trade association to which the corporation belongs. (AOR-243)

The Texas Ethics Commission has been asked whether a corporation may set up a payroll deduction plan for its employees to make political contributions either to a political committee administered by the corporation or to a political committee administered by an incorporated trade association to which the corporation belongs. Furthermore, the requestor asks whether membership in the local chapter of the trade association entitles the corporation to administer a payroll deduction plan benefiting the political committee of the trade association's state organization, if membership in the local chapter automatically confers membership in the state organization. The requestor states that the solicitation forms used in the plan would stress that employee participation was voluntary, that no negative repercussions would follow from refusal to participate, that the employee would retain the right to terminate participation at any time, and that the employee would determine the amount of the payroll deduction.¹

In general, the Texas Election Code prohibits corporations and labor organizations from making political expenditures. See Elec. Code § 253.094; [Ethics Advisory Opinions Nos. 163, 132](#) (1993). As we have explained in previous opinions, however, section 253.100(a) permits a corporation to make expenditures to finance the establishment or administration of a general-purpose committee, and section 253.100(b) permits a corporation to finance the costs of soliciting contributions to a political committee assisted under subsection (a) from the corporation's stockholders and employees.² Elec. Code § 253.100; [Ethics Advisory Opinion No. 132](#) (1993). We have interpreted subsection (b) to mean that a corporation may finance solicitation costs only for a general-purpose committee that it assists under subsection (a). See [Ethics Advisory Opinion No. 163](#) (1993). Corporate expenditures to administer a payroll deduction plan would be costs of soliciting contributions to a political committee. Therefore, the corporation clearly could make these expenditures to solicit contributions to the political committee it sponsors.

The corporation may also finance a payroll deduction plan benefitting the political committee of a trade association to which the corporation belongs and pays membership dues. The dues deposited in the trade association's treasury finance the association's activities, including the administration of its political committee. In this way, the member corporation "assists" the association's political committee for purposes of Election Code section 253.100, permitting the corporation to solicit contributions to that committee.

We are also asked whether a dues-paying corporate member of the local chapter of an incorporated trade association may use a payroll deduction plan to solicit contributions to a political committee administered by the trade association's state organization. The request specifies a case where membership in the local chapter automatically confers membership in the state organization. Assuming that a portion of the dues paid to the local chapter benefit the state organization, or that the corporate members otherwise pay dues to the state organization, we conclude the corporation may use its payroll deduction plan to solicit contributions to the state organization's political committee as well.

SUMMARY

A corporation may use a payroll deduction plan to solicit contributions to its general-purpose political committee. If the corporation is a dues-paying member of an incorporated trade association, it may use its payroll deduction plan to solicit contributions to the trade association's political committee as well.

¹ We note that section 253.101 of the Election Code prohibits a political committee assisted by a corporation or labor organization from making a political contribution or political expenditure from money known to a member or officer of the political committee to be money required as a condition of employment. Violation of this provision is a third degree felony. Elec. Code § 253.101 (b). Section 253.102 prohibits "a corporation or labor organization or a political committee assisted by a corporation or labor organization under section 253.100" to use or threaten to use "physical force, job discrimination, or financial reprisal to obtain money or any other thing of value to be used to influence the result of an election or to assist an officeholder."

² The families of the stockholders and employees may be solicited as well.