



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 221

September 9, 1994

Permissibility of political expenditures by a partnership that includes one or more corporate partners (reconsideration of [Ethics Advisory Opinion No. 215](#)). (AOR-247)

The Texas Ethics Commission has been asked to reconsider an opinion stating that a partnership with one or more corporate partners may not make political contributions. The Texas Election Code generally prohibits corporations from making political contributions or expenditures. Elec. Code § 253.094; *see* [Ethics Advisory Opinion No. 163](#) (1993). [Ethics Advisory Opinion No. 215](#) (1994), which considered whether a joint venture owned in part by a corporation was permitted to make political contributions, concluded that "the joint venture described in this request, like any partnership having one or more corporate partners, is subject to the same restrictions on political expenditures that apply to corporations." [Ethics Advisory Opinion No. 215](#) at 2. We have been asked to reconsider the result of [Ethics Advisory Opinion No. 215](#) in the following circumstances:

- (a) the corporate partners play no decision making role in, or exercise any control over . . . political contributions/expenditures;
- (b) the non-corporate agent or employee of the partnership exercising control over such political contributions/expenditures is not an officer, employee or agent of any of the corporate partners;
- (c) contributions/expenditures are made only from partnership profits and not from contributions from corporate partners;
- (d) there are valid business reasons for the use of the partnership entity by the corporate partners and such use is not merely a subterfuge for circumvention of section 253.094 of the Election Code; and
- (e) the partnership is not an association described in Section 253.093 of the Texas Election Code.

None of the factors listed above would permit a partnership with corporate partners to make political contributions or expenditures. The restrictions on corporate contributions and expenditures restrict the transfer of corporate treasury funds into the political process. None of the factors listed would change the fact that a political contribution or expenditure by a partnership with one or more corporate partners would amount to a transfer of corporate treasury funds. The requestor's statement that contributions and expenditures would be made from partnership profits and "not from contributions from corporate partners" does not alter our conclusion. The profits of a partnership belong to the partners, including the corporate partners.

We note that under federal campaign finance law, the model for much of Texas campaign finance law in regard to corporate political activity, no part of a political contribution made by a partnership may come from partnership profits attributable to a corporate partner. *See* 11 C.F.R. § 110.1(e); Fed. Elec. Comm'n AO 1980-132. In the case of partnerships that include corporate and noncorporate members, the Federal Election Commission has developed complex regulations governing the apportionment and attribution of partnership contributions and expenditures as to the individual partners in order to insure that corporate funds are not spent on political activity in violation of the law. The Ethics Commission believes that any similar treatment of contributions and expenditures under Texas law should result from the legislative process rather than from the Texas Ethics Commission's rulemaking or advisory opinion functions.¹

SUMMARY

A partnership that has corporate partners is subject to the same restrictions on political activity that apply to corporations. [Ethics Advisory Opinion No. 215](#) (1994) is reaffirmed.

¹ The partnership described in the request letter is composed solely of corporate partners. Federal law would not permit such a partnership to make political contributions or expenditures that a corporation could not make. *See* 11 C.F.R. § 110.1(e); Fed. Elec. Comm'n AO 1980-132.