



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 362

March 14, 1997

Whether a business corporation may contribute funds to an employee activity fund as a prize for the group of employees that contributes the most to a general-purpose political committee sponsored by the corporation. (AOR-399)

The Texas Ethics Commission has been asked whether a business corporation may contribute funds to an employee activity fund as a prize for the group of employees that contributes the most to a general-purpose political committee sponsored by the corporation. Corporations are generally prohibited from making political expenditures. *See* Elec. Code § 253.094. Costs incurred in generating contributions to a political committee are political expenditures. A corporation may, however, make political expenditures to finance the costs of soliciting political contributions to a general-purpose political committee sponsored by the corporation from the members, employees, and stockholders of the corporation, and from the families of members, employees, and stockholders of the corporation. *Id.* § 253.100(b). The legal question raised here is whether awarding a prize in the form of a transfer of corporate money to an employee activity fund for an employee group that outperforms other employee groups in making contributions to the corporation's general-purpose political committee is payment of a "solicitation cost" for purposes of section 253.100(b).

In a previous opinion we said that the costs of food, beverages, invitations, and green fees for a fundraising event are permissible solicitation costs. [Ethics Advisory Opinion No. 280](#) (1995). We also said that "small token prizes" for winning a skill contest at the event are permissible solicitation costs. *Id.* Not all inducements to contribute to a political committee, however, can be considered to be solicitation costs for purposes of section 253.100(b). *Id.* In considering whether a prize or award to a corporate employee or group of corporate employees is a permissible solicitation cost, it is important to consider whether the award is tantamount to a reimbursement to the employees for their contributions. If the award is, in essence, reimbursement for contributions, payment of the award would not be a permissible solicitation cost but would instead be a prohibited contribution to the political committee from the corporation.

Although this opinion should not be construed as blanket approval for a corporation to award a prize to an employee group that outperforms other employee groups in making contributions to the corporation's general-purpose political committee, we conclude that the specific award at issue here is permissible as a solicitation cost under section 253.100(b). The proposed award would be in the range of \$1000 to \$2000 and would go to an activity fund for the benefit of from 75 to 150 employees. The activity fund in question is considered to be part of a division director's budget and may be used only for work-related entertainment events such as pizza parties and group outings. No payments are made to employees from the fund. The corporation would not make such an award more than once a year, and only one group of employees would benefit from the award. The facts described in connection with this request make clear that the possibility of the award may be an incentive to an employee to make a contribution but that the award is not tantamount to reimbursement of the employees for their contributions to the general-purpose political committee. We conclude therefore that the specific award in question here is a "solicitation cost" for purposes of Election Code section 253.100(b).

SUMMARY

A corporation's payment of the specific employee award described in this opinion is permissible as a solicitation cost under Election Code section 253.100(b).