



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 379

November 14, 1997

Questions relating to the transfer of funds from a labor organization to a political committee. (AOR-416)

The Texas Ethics Commission has been asked a number of questions about the collection of funds by a labor organization and the distribution of those funds to a political committee established and administered by the labor organization. Labor organizations are generally prohibited from making political contributions or political expenditures. *See* Elec. Code ch. 253, subch D; *id.* § 253.094; [Ethics Advisory Opinion No. 132](#) (1993).¹ A labor organization may, however, make political expenditures to finance the establishment or administration of a general-purpose committee and to finance the solicitation of contributions to the political committee from members of the labor organization and their families. Elec. Code § 253.100.

The request letter explains that the labor organization currently collects dues by means of a payroll deduction. The labor organization wishes to provide a card to its members allowing them to request that a portion of their membership dues be diverted to the political committee. Dues from members choosing this option would be split between the labor organization and the political committee, while dues from the other members would go to the labor organization in their entirety. Regardless of the option chosen, each member would pay the same amount. As we understand the request letter, the card would not ask members to make a contribution to the political committee *in addition* to the regular dues payment. Thus, the labor organization would be making a contribution to the political committee each time a portion of a dues payment was transferred to the political committee. *See* [Ethics Advisory Opinion No. 38](#) (1992).² As noted above, a labor organization may contribute to a general-purpose political committee only to finance the establishment, administration, and solicitation costs of the committee as set out in Election Code section 253.100. Any dues transferred to the political committee could be used only for those purposes.³

The requestor also asks whether a portion of the revenue raised from a solicitation or any other fundraiser or promotion could be transferred to the political committee. Although the request letter does not describe a particular solicitation or fundraiser, we assume the funds in question were donations to the labor organization, not the political committee.⁴ If so, the proceeds would be property of the labor organization, and could only be used for political committee purposes to the extent permitted by Election Code section 253.100 (administrative or solicitation costs).

The last two questions in this request concern the use of interest earned on funds collected by the labor organization. The requestor asks whether interest earned on money held in the organization's general dues account or on any other interest-bearing account may be transferred to the political committee. Interest earned on labor organization funds belongs to the labor organization and is subject to the general prohibitions against use of labor organization property for political purposes.

SUMMARY

A labor organization would be making a political contribution to a political committee if it honored a request from its members to transfer a portion of a member's required membership dues to the political committee.

Any transfer of funds from labor organization property to a political committee may be used only for purposes permitted by Election Code section 253.100.

Interest earned on money belonging to a labor organization can be used for political committee purposes only to the extent permitted by Election Code section 253.100.

¹ The restrictions in chapter 253, subchapter D, of the Election Code apply to corporations, as set out in Election Code section 253.093, as well as to labor organizations. A labor organization is defined as "an agency, committee, or any other organization in which employees participate that exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work." Elec. Code § 251.001(18).

² The contribution would be from the labor organization because the labor organization, not the individual member, would be giving up something of value. The individual member would be required to pay the same amount to maintain membership in the labor organization regardless of how the money was used.

³ We note that Election Code section 253.101 provides that 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 in 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. When a political committee pays administrative expenses or solicits contributions it is making a political expenditure. [Ethics Advisory Opinion No. 132](#) (1993). Section 253.100 allows a labor organization to finance those expenses for its general-purpose political committee. We have said that a labor organization may do so either by paying the costs directly or by transferring funds to the political committee to pay those costs. *Id.* In our opinion, the latter procedure for paying the expenses permitted by section 253.100 is permissible even if the money transferred came from required dues.

⁴ The request letter states that the funds are kept in a separate account. All association funds are subject to the restrictions in the Election Code, regardless of how the association maintains the funds.