



# TEXAS ETHICS COMMISSION



## ETHICS ADVISORY OPINION NO. 389

*January 16, 1998*

*Whether the limit on a judicial candidate's use of political contributions to reimburse himself or herself for political expenditures from personal funds applies to the candidate's use of political contributions to repay a bank loan for which the candidate is personally liable. (AOR-428)*

The Texas Ethics Commission has been asked about the application of Election Code section 253.162(a) to the use of political contributions to repay a bank loan for which a candidate is personally liable.

Election Code section 253.162(a) limits the amount of political contributions certain judicial candidates and officeholders may use to reimburse their personal funds for political expenditures made from personal funds. *See also* Elec. Code § 253.035(h) (reimbursement from political contributions for political expenditures from personal funds is permitted only if expenditures are properly reported). The question raised here is whether loan repayments from political contributions are considered to be "reimbursements of personal funds" if the candidate is personally liable on the loan. Although using campaign contributions to repay such loans discharges a personal obligation, we do not think it can be characterized as "reimbursing" personal funds. The result of a candidate's use of political contributions to reimburse personal funds is that the political contributions become available for the candidate's unrestricted personal use. *See generally* Elec. Code § 253.035 (restrictions on personal use of campaign contributions). A loan repayment, in contrast, makes funds available to a third party.<sup>1</sup> *See generally id.* § 253.042 (treating "loan repayments" and reimbursement of personal funds as separate categories). Therefore, a candidate's use of political contributions to repay a bank loan does not count toward the limit on reimbursement set out in Election Code section 253.162.

### SUMMARY

A candidate's use of political contributions to repay a bank loan does not count toward the limit on reimbursement set out in Election Code section 253.162.

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<sup>1</sup> Candidates often refer to reimbursements as "repayments of loans to themselves." This is technically inaccurate. A candidate does not make a "loan" to himself or herself by using personal funds to make political expenditures. [Ethics Advisory Opinion No. 258](#) (1995). Nor does a candidate make a loan to himself or herself by transferring funds from a "personal" account to a "political" account. *Id.* Such a transfer does not effect a change in the personal nature of the funds and is not, by itself, an "expenditure." Rather, a political expenditure from the transferred personal funds would occur if a payment for political purposes were made from the transferred funds. *See generally* Elec. Code § 253.0351 (allowing candidate or officeholder to report political expenditure from personal funds as "loan"); [Ethics Advisory Opinion No. 230](#) (1994).