



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 509

January 31, 2013

Whether a parent for-profit corporation may solicit political contributions from employees of its wholly owned and operated subsidiary for-profit corporations to a general-purpose committee assisted by the parent corporation. (AOR-575)

The Texas Ethics Commission (“commission”) has been asked if a parent for-profit corporation may solicit political contributions from employees of its wholly owned and operated subsidiary for-profit corporations to a general-purpose committee administered by the parent corporation. The requestor states that the committee’s bylaws permit only employees of the parent corporation to serve on the committee’s board of directors. However, the requestor states that the bylaws may be amended to permit employees of the subsidiary corporations to serve on the committee’s board of directors if they are permitted to contribute to the committee.

Title 15 of the Election Code prohibits a corporation from making a political contribution that is not authorized by Subchapter D, Chapter 253, of the Election Code. Elec. Code § 253.094(a).¹ However, section 253.100 of the Election Code states, in part:

(a) A corporation, acting alone or with one or more other corporations, may make one or more political expenditures to finance the establishment or administration of a general-purpose committee. In addition to any other expenditure that is considered permissible under this section, a corporation may make an expenditure for the maintenance and operation of a general-purpose committee. . . .

(b) A corporation may make political expenditures to finance the solicitation of political contributions to a general-purpose committee assisted under Subsection (a) from the stockholders, employees, or families of stockholders or employees of one or more corporations.

Elec. Code § 253.100.

A corporation may use its funds to solicit political contributions to a general-purpose committee that it assists under section 253.100(a). The contributions may only be solicited from the stockholders, employees, or families of stockholders or employees (the “solicitable class”) of one or more corporations. *See, e.g.*, Ethics Advisory Opinion Nos. 447 (2003), 225 (1994), 223 (1994).

The requestor asks whether a for-profit parent corporation may use its funds to solicit political contributions to the general-purpose committee it assists from the employees of its wholly owned and operated subsidiary for-profit corporations.

In a situation in which a parent for-profit corporation wholly owns and operates its for-profit corporate subsidiaries, the profits and assets of the subsidiaries presumably belong to the parent corporation. If that is the case, then a general-purpose committee assisted by the parent corporation is also assisted by the subsidiaries for purposes of section 253.100(a). Accordingly, a parent for-profit corporation that assists a general-purpose committee under section 253.100(a) may solicit political contributions to the committee from the employees of a subsidiary for-profit corporation that it wholly owns and operates.

SUMMARY

A parent for-profit corporation that assists a general-purpose committee under section 253.100(a) may solicit political contributions to the committee from the employees of a subsidiary for-profit corporation that it wholly owns and operates.

¹“Corporation” includes corporations that are organized under the Texas Business Corporation Act, the Texas Non-Profit Corporation Act, the Texas For-Profit Corporation Law, the Texas Non-Profit Corporation Act, the Texas Nonprofit Corporation Law, federal law, or law of another state or nation. *Id.* § 253.091. For purposes of subchapter D, the following associations, whether incorporated or not, are considered to be corporations covered by this subchapter: banks, trust companies, savings and loan associations or companies, insurance companies, reciprocal or interinsurance exchanges, railroad companies, cemetery companies, government-regulated cooperatives, stock companies, and abstract and title insurance companies. *Id.* § 253.093(a).