



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 628

September 17, 2025

ISSUE

May an incorporated out-of-state political committee that accepts corporate contributions contribute to Texas state and local candidates, including to a specific-purpose committee, provided it does so from a separate account that only accepts contributions from individuals and that would otherwise come from permissible sources under Texas law?

Second, assuming the contributions described under the facts above are permissible, does it matter if the out-of-state political committee is controlled by a non-candidate officeholder?

Third, if control by a candidate leads to the conclusion that the out-of-state committee is prohibited from making the contributions described above, would it be permissible for the out-of-state committee to: (i) contribute to a Direct Campaign Expenditure Only Committee or (ii) make direct expenditures itself? (AOR-727)

SUMMARY

The political committee may not make political contributions to Texas candidates because it accepts corporate contributions and is controlled by a Texas candidate and officeholder.

FACTS

The requestor is a politically-active organization that the requestor states meets the definition of a political committee (the Committee). The Committee incorporated for liability purposes only. The Committee is currently controlled by a non-federal Texas candidate and officeholder.

The Committee accepts corporate political contributions but maintains those contributions in a separate account from its non-corporate contributions. The Committee uses its corporate contributions to make direct campaign expenditures in states where corporate political contributions are prohibited and political contributions in states where corporate contributions are permitted.

The committee is not registered with the Federal Election Commission or any other state campaign finance regulator and files its regular contribution and expenditure reports with the Internal Revenue Service. The reports filed with the IRS disclose the committee's contributors.

The committee makes political expenditures in states other than Texas. The out-of-state committee will maintain its out-of-state political committee status by not making political expenditures in Texas that would exceed 20 percent of its overall political spending.

The requestor states if it is permitted to contribute to Texas candidates and specific-purpose political committees, the out-of-state committee would comply with the reporting requirements an out-of-state committee has with the TEC and provide the recipient committee with information it needs to comply with 1 Tex. Admin. Code §§ 22.7 and 20.29.

ANALYSIS

The Committee may not make political contributions to Texas candidates because it accepts corporate contributions and is controlled by a Texas candidate and officeholder.

An out-of-state political committee is a political committee that makes political expenditures outside this state and in the 12 months immediately before making of a Texas political expenditure makes 80 percent or more of the committee's total political expenditures in any combination of elections outside this state and federal offices not voted on in this state. Tex. Elec. Code § 251.001(15).

The rules found in Chapter 253 of the Election Code related to the restrictions on contributions and expenditures applicable to political committees apply to out-of-state political committees, unless expressly exempted. *Id.* § 251.005 (expressly exempting out-of-state committees from the reporting rules of Chapter 252 and 254 of the Election Code, but not the Chapter 253 restrictions); *see also* § 253.031(e) (expressly allowing out-of-state committees to make political expenditures without appointing a campaign treasurer).

Generally, corporations may not make political contributions in Texas.¹ However, a political committee that has as its only principal purpose accepting political contributions and making political expenditures that incorporates for liability purposes only is not considered to be a corporation. Tex. Elec. Code § 253.092. The Committee appears to meet these requirements. Therefore, its corporate structure is not an impediment to it making political contributions to Texas candidates or political committees.

Texas law also allows general-purpose political committees to become a “hybrid committee.” *See* Tex. Elec. Code § 252.003(4); 1 Tex. Admin. Code §§ 20.1(22), 22.31. A hybrid committee shares attributes of both a conventional committee, which cannot accept corporate contributions but may contribute to candidates and officeholders and a direct campaign expenditure only committee, which may accept corporate contributions but may not contribute to candidates and officeholders. In essence, a hybrid committee is allowed to accept corporate contributions that it uses for direct campaign expenditures and keeps separate from its non-corporate contributions. *Id.*

Before a hybrid committee may accept a corporate contribution it must file an affidavit with its campaign treasurer appointment stating that “the committee is not established or controlled by a candidate or an officeholder,” and the committee will not use any political contribution from a

¹ The corporate contribution prohibition applies with equal force to labor organizations. Tex. Elec. Code § 253.094.

corporation to make a political contribution to a candidate, officeholder, or a non-hybrid or direct-campaign expenditure only committee. Tex. Elec. Code § 252.003(a)(4). A corporation is similarly prohibited from contributing to a political committee unless it files its affidavit declaring it will operate as a hybrid committee (or a direct campaign only committee). Tex. Elec. Code § 253.097.

The Committee is controlled by a non-federal Texas candidate and officeholder. Therefore, it could not complete the required affidavit stating that it is not established or controlled by a candidate or an officeholder. Therefore, the Committee may not permissibly accept political contributions from corporations and also make contributions to candidates or other conventional committees. *See id.*; Tex. Elec. Code § 253.097.

Since the Committee is controlled by a non-federal Texas candidate and officeholder, we do not reach the question of whether, if Committee was not candidate-controlled, whether an out-of-state committee must file a campaign treasurer appointment with the TEC to operate as an out-of-state hybrid political committee. Tex. Elec. Code § 253.097 (prohibiting a corporation from contributing to a political committee unless it files its hybrid committee affidavit “with the committee’s campaign treasurer appointment”).

The Committee may make direct campaign expenditures in Texas.

Although a corporation is prohibited from making contributions to candidates, officeholders, and certain political committees, it is free to make direct campaign expenditures. *Texans for Free Enter. v. Tex. Ethics Comm’n*, 732 F.3d 535, 538 (5th Cir. 2013) (*citing Citizens United v. FEC*, 558 U.S. 310, 340, 130 S. Ct. 876, 898 (2010)). Similarly, the Committee may contribute to direct campaign expenditure only committees. However, we caution that an expenditure by a candidate-controlled committee to benefit the candidate that controls the committee is a campaign contribution to the candidate, not a direct campaign expenditure.