

# PAC Fundamentals

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Andrew Cates

Owner, Cates Legal Group PLLC



# What is a PAC?

- “Political action committee” means a group of two or more persons who have as a primary purpose the making of political contributions or political expenditures.
- Purpose of a PAC – collecting individual contributions and distributing those contributions to elected officials

# Setting up a PAC

- Must file with Texas Ethics Commission (TEC)
  - online filing but setup via email
- Form GTA
  - Need name (not substantially similar) & address
  - Treasurer
    - Name, address, phone number
- Form Security – gives login credentials for online reporting

# Reporting Requirements

- Semiannual (Regular) or Monthly
- Semiannual covers all activity in previous 6 months
  - January 15
  - July 15
- Monthly
  - Helpful with lots of transactions
  - No requirement for pre-election reports

# Reporting Requirements

- Pre-Election Reports for Semiannual
- 30-day
- 8-day
- Special Pre-election reports

# Reporting Requirements

- Contributions
  - Report all contributions
  - Non-corporate contribution: Schedule A1
  - Corporate contributions: Schedule C1
  - Individuals: occupation/employer if \$90+
  - Itemized vs. Aggregate
    - You MAY aggregate all contributions under \$90
    - Must itemize (name/address/date/etc) for \$90+
  - Must itemize ALL contributions collected electronically, no matter the amount

# Reporting Requirements

- Expenditures
  - All expenditures on Schedule F1
  - Expenditures by credit card on Schedule F4
  - Corporate expenditures
  - Unpaid incurred obligations – Schedule F2
- Loans – Schedule E
  - All personal payment of political expenditures with reimbursement desired

# Reporting Requirements

- Separate Bank Accounts
  - Can accept corporate and non-corporate \$\$
  - Set up one bank acct for each - no mixing
- Hybrid PAC's
  - Super Super PAC
  - Mandatory separate bank accts
  - Requires affidavit filed with GTA form – will not use corp \$\$ for contributions

# Types and Uses of \$\$ in a PAC

- Noncorporate money - Money collected from individuals, partnerships and LLCs (as long as there are no corporate partners)
  - Can be used for any purpose. This money is gold for a PAC and should be prioritized and spent for political purposes whenever possible.

# Types and Uses of \$\$ in a PAC

- Corporate money - money collected from corporations, associations, businesses
  - Can only be used for administration or fundraising of the PAC
- It is a FELONY to convert corporate money into a political contribution for a candidate.

# How to get \$\$ into a PAC

- Corporate - most associations regularly transfer money to their connected PAC for admin & fundraising purposes.
  - PACs then use this money for all PAC expenses, including fundraisers.
- Non Corporate - Must be solicited from your members.

# Solicitation of Corporate \$\$

- PAC may seek and accept money from corporate sources
- But that money may only be used for administrative and fundraising purposes for the PAC.

# Solicitation of Non-Corporate \$\$

- PAC may *solicit* non-corporate money only from a *restricted class* of persons.

# Solicitation Restrictions

- What is “solicitation”?
  - Enticing someone to contribute to the PAC, or to buy a ticket to a PAC fundraiser
  - Asking a person/entity to donate an auction item
- We may only solicit a “restricted class of persons”:
  - Members of TAA
  - Immediate family members of members

# Solicitation

- The PAC may only ask members of TAA to contribute non-corporate \$\$ to the PAC.
- The general public (individuals)  
may not be solicited with  
*corporate resources*

# Corporate Money

- What are “corporate resources”?
  - Money derived from a corporate entity
    - TAA – 501(c)(6) nonprofit, still corporate
    - Any other corporate money contributed to TAA or the PAC
  - Salaries paid to employees of TAA
  - Employee time
  - Association building, printed materials, etc...
- Basically all money that we as associations use is considered corporate money.

# Solicitation Conclusions

- Since your association is considered a corporation, you may not *use PAC funds to*:
  - Invite non-members of TAA to a PAC event
  - Solicit auction items from non-members
  - Solicit individual contributions from non-members
- What CAN we do?
  - Invite members of TAA to events
  - Solicit auction items and contributions to PAC from members

# Who does this apply to?

- Staff
- Anyone on association payroll acting in the scope of their employment, on association time.
- However, this does not apply to individuals who are not acting on behalf of the association. Individuals are free to solicit whomever they like, and to invite whomever they like to fundraisers.
  - You just cannot use corporate resources to do so.

# Dues Checkoffs

Yes, you can have PAC contribution checkoffs on membership dues forms!

Make sure that the money you collect goes into the correct bucket – corporate vs. noncorporate

# Fundraising FAQ

- If I, as an individual, am given something as a gift from a non-member, can I re-gift it as an auction item?
  - A: Yes! It has to be a legitimate gift and not solicited by the association for the auction, but if you are given a gift, that is yours to do with what you please.
- Can we do raffles?
  - A: No. Raffles are considered an illegal form of gambling in Texas by the Attorney General.
- But other people do them, right? Why can't we?
  - A: You don't fall within any of the exceptions to allow you to run them, and we follow the rules.

# Raffles

1. Paying
2. For a chance
3. To win a prize

All three = illegal, but remove one → legal

- Alternative means of entry – “no purchase necessary”
- Remove chance – skill games
  - Minute to Win it
  - Throw a dart at a dartboard
  - Guess the number of jellybeans

# Permissible Events

- Auctions/Silent Auctions
- Meet and Greets with important figures (as long as done correctly)
- Poker Tournaments
- Casino Nights
- Night at the Races
- Wine Tastings
- Golf/Softball/Sporting Event Tournaments & Skeet Shoots
- Keep in mind that there are requirements that must be met for each, but they can all be done successfully!

# Solicitations via Internet

- No public solicitations (incl. non-members) for the PAC, so:
- When advertising an event online (Facebook included): P.R.I.D.E. method

# P - Password

- Details and reservation/ticket information should be behind a password protection to make sure only members are able to purchase tickets
- Not entire website, just the event registration page.



## Password protection

Goal – get enough information out there to entice members to click through and register, without catching non-members in the net

# Examples

- Bad Facebook open post
  - “Everyone come out to our fundraiser next week! It’s at Barr Mansion from 5-7pm, \$10 per person at the door, all proceeds go to TAA PAC”
- Same with website
- Good Facebook open post
  - “All members of TAA should come to our awesome fundraiser next week at Barr Mansion! Food, Fun and Games! Click here for details!”
- Same with website
- Closed Group - FB

# R - Reasonable

- Use a reasonable person standard
- Would a “reasonable” member of the public think that this advertisement is an open invitation for them to attend?
- If so, consider changing.

# I - Information

- Good Information

- Name and date of the event
- A link to the password protected site to register
- That TAA members are invited to attend

- Problematic Information

- Specific contribution suggestions
- Is the site open for members of the public to see and RSVP, or is the site closed?

# D- Disclaimer

- “Federal law prohibits soliciting contributions from individuals who are not Texas Apartment Association members. Information disseminated in the public domain about TAA PAC might be considered a solicitation, therefore investments received from non-TAA members through this online campaign will be returned.”

# E - Exclude

- TAA members only
- Make sure you have a way to exclude non-members from signing up through the site

# Facebook events

- Closed group
  - Non-members cannot see any posts
  - Invite only members
  - All information can be on the site
- Open group (Fan Page)
  - Anyone can see
  - PRIDE method
- Event page
  - Invite only members
  - Disclaimer – “This event is for TAA members only”

# Political advertising

- Must include “political ad by” in any public communications supporting/opposing candidate/measure
- Can shorten on social media
- Exceptions:
  - SM post that links to page with pol ad disclaimer
  - Candidate page with name/race prominently displayed
- Corporate communications NOT included

# Internal Communications

- What happens if you send a member-only communication, but a member forwards it to a non-member?
  - Recommended disclaimer ideas:
    - This is a TAA member-only communication, please do not forward this email to non-TAA members.
    - This email is intended only for members of the Texas Apartment Association, please do not forward or copy and distribute to non-members.
- Something to show that you tried to limit distribution

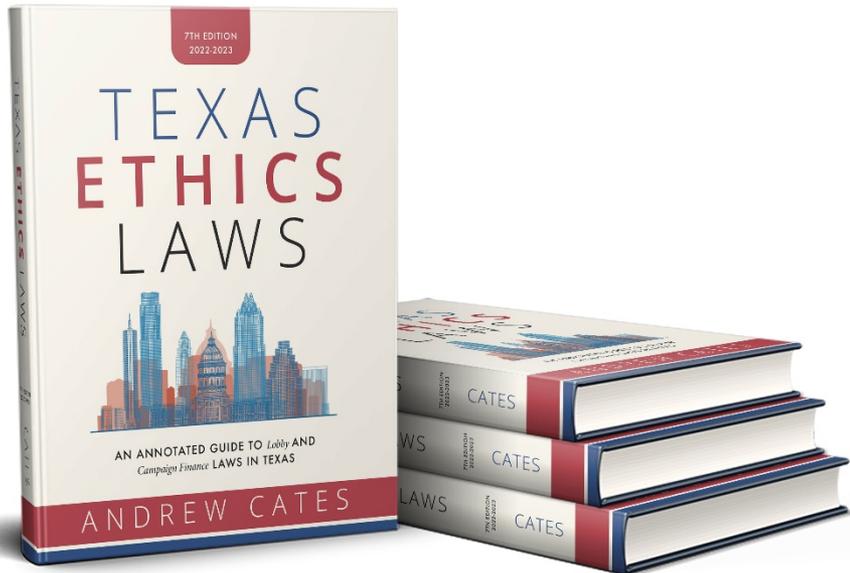
# Specific Contribution Rules

- You may NOT collect more than \$100 in cash from any person at an event.
  - This includes splitting the cash into separate payments of < \$100
- You must get all of the following from every contributor:
  - Name
  - Address
  - Occupation
  - Date of Contribution
  - Amount of Contribution
  - Name of Employer

# Conclusions

- Solicitation
  - Members only – dollars and auction items
    - Try selling advertising to any company and purchasing auction items
  - Internet
    - P.R.I.D.E.
    - Mostly, be reasonable and think like a reasonable member of the public
- Internal Communications
  - Protect yourself, but feel free to say whatever you like

# Questions?



[txethics@gmail.com](mailto:txethics@gmail.com)

[Andrew@salient.us](mailto:Andrew@salient.us)

512-426-4593 (cell)

[www.andrewcates.com](http://www.andrewcates.com)

[www.salient.us](http://www.salient.us)