

**Summary of Proposed Amendment to the Arkansas Ethics Commission's
Rules on Campaign Contribution Limit**

Pursuant to Act 1280 of 2015, Ark. Code Ann. §7-6-203(i) provides as follows:

- (1) The contribution limits under subdivision (a)(1)(A) and subdivision (b)(1) of this section shall be adjusted at the beginning of each odd-numbered year in an amount equal to the percentage certified to the Federal Election Commission by the Bureau of Labor Statistics of the Department of Labor under 52 U.S.C. § 30116(c) as existing on January 1, 2015.
- (2) If the amount after adjustment under subdivision (i)(1) of this section is not a multiple of one hundred dollars (\$100), the Arkansas Ethics Commission shall round the amount to the nearest multiple of one hundred dollars (\$100).
- (3) The Arkansas Ethics Commission shall promulgate rules identifying the adjusted contribution limit under subdivision (i)(1) of this section.

On or about February 7, 2019, the Federal Election Commission announced updated contribution limits that have been indexed for inflation and are effective for the 2019-2020 federal elections.

This proposed amendment is necessary to adjust the campaign contribution limit from \$2,700 to \$2,800 for candidates for public office in Arkansas. The purpose of this Rule is to establish a campaign contribution limit and give the public clear guidance on that limit. The presumed intent of the mandated adjustment is to keep the contribution limit in line with the rising cost of running a campaign.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT/AGENCY Arkansas Ethics Commission

DIVISION _____

PERSON COMPLETING THIS STATEMENT Graham Sloan

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To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Rules on Campaign Contribution Limit

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes _____ No X

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes X No _____

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes X No _____

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and

- (d) Whether the reason is within the scope of the agency's statutory authority, and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

- (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue	<u>-0-</u>
Federal Funds	<u>-0-</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other (Identify)	<u>-0-</u>
Total	<u>-0-</u>

Next Fiscal Year

General Revenue	<u>-0-</u>
Federal Funds	<u>-0-</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other (Identify)	<u>-0-</u>
Total	<u>-0-</u>

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue	<u>-0-</u>
Federal Funds	<u>-0-</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other (Identify)	<u>-0-</u>
Total	<u>-0-</u>

Next Fiscal Year

General Revenue	<u>-0-</u>
Federal Funds	<u>-0-</u>
Cash Funds	<u>-0-</u>
Special Revenue	<u>-0-</u>
Other (Identify)	<u>-0-</u>
Total	<u>-0-</u>

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

\$ -0-

Next Fiscal Year

\$ -0-

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ -0-

Next Fiscal Year

\$ -0-

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes _____ No X

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously

with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

MARK-UP

ARKANSAS ETHICS COMMISSION

RULES ON CAMPAIGN CONTRIBUTION LIMIT

**ARKANSAS ETHICS COMMISSION
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Little Rock, Arkansas 72203-1917
(501) 324-9600 or (800) 422-7773
Facsimile (501) 324-9606**

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§ 100 **Definitions**

- (a) **Approved political action committee** – As used in these rules, the term “approved political action committee” means any person that receives contributions from one (1) or more persons in order to make contributions to candidates, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees; does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and has registered pursuant to Ark. Code Ann. § 7-6-215 prior to making contributions. “Approved political action committee” does not include political parties, county political party committees, the candidate’s own campaign committee, exploratory committees, ballot question committees, or legislative question committees.
- (b) **Candidate** – As used in these rules, the term “candidate” means any individual who has knowingly and willingly taken affirmative action, including solicitation of funds, for the purpose of seeking nomination for or election to any public office.
- (c) **Contribution** – As used in these rules, the term “contribution” means, whether direct or indirect, advances, deposits, or transfers of funds, contracts, or obligations, whether or not legally enforceable, payments, gifts, subscriptions, assessments, payment for services, dues, advancements, forbearance, loans, or pledges or promises of money or anything of value, whether or not legally enforceable, to a candidate, committee, or holder of elective office made for the purpose of influencing the nomination or election of any candidate;
- “Contribution” includes the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events; the granting of discounts or rebates by television stations, radio stations, and newspapers not extended on an equal basis to all candidates for the same office; and any payments for the services of any person serving as an agent of a candidate or committee by a person other than the candidate or committee or persons whose expenditures the candidates or committee must report under subchapter 2, Chapter 6 of Title 7 of the Arkansas Code. The term “contribution” further includes any transfer of anything of value received by a committee from another committee. “Contribution” shall not include noncompensated, nonreimbursed, volunteer personal services or travel.
- “Contribution and expenditure” shall not include activity sponsored and funded by a political party to promote its candidates or nominees through events such as dinners, luncheons, rallies, or similar gatherings and shall not include nonpartisan activity designed to encourage individuals to register to vote or to vote or any communication by any membership organization to its members or stockholders if the membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election or election of any candidate.
- (d) **County political party committee** – As used in these rules, the term “county political party committee” means a person that is organized at the county level for the purpose of supporting its affiliate party and making contributions; is recognized by an organized political party, as defined in Ark. Code Ann. § 7-1-101, as being affiliated with that

political party; receives contributions from one (1) or more persons in order to make contributions to candidates, ballot question committees, legislative question committees, political parties, political action committees, or other county political party committees; does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and registers pursuant to Ark. Code Ann. § 7-6-226 prior to making contributions.

- (e) **Election** – As used in these rules, the term “election” means each election to be held to nominate or elect a candidate to any public office, including school elections. For the purposes of these rules, a preferential primary election, a general primary election, a runoff election, a special election, and a general election shall each constitute a separate election.
- (f) **Individual** – As used in these rules, the term “individual” means a human being.
- (g) **Legislative caucus committee** – As used in these rules, the term “legislative caucus committee” means a person that is composed exclusively of members of the General Assembly, that elects or appoints officers and recognizes identified legislators as members of the organization, and that exists for research and other support of policy development and interests that the membership hold in common. A “legislative caucus committee” includes, but is not limited to, a political party caucus of the General Assembly, the Senate, or the House of Representatives. An organization whose only nonlegislator members are the Lieutenant Governor or the Governor is a “legislative caucus committee” under these rules.
- (h) **Person** – As used in these rules, the term “person” means any individual, proprietorship, firm, partnership, joint venture, syndicate, labor union, business trust, company, corporation, association, committee, or any other organization or group of persons acting in concert. It shall also include a political party, a county political party committee, and a legislative caucus committee.
- (i) **Political party** – As used in these rules, the term “political party” means any group of voters which, at the last-preceding general election, polled for its candidate for Governor in the state or nominees for presidential electors at least three percent (3%) of the entire vote cast for the office; or which has filed a petition with the Secretary of State containing at the time of filing the signatures of at least ten thousand (10,000) registered voters in the State of Arkansas, declaring the intention of organizing a political party, the name of which shall be stated in the declaration, and of participating in the next general election, and which has been declared a new political party by the Secretary of State. When any political party fails to obtain three percent (3%) of the total votes cast at an election for the Office of Governor or nominees for presidential electors, it shall cease to be a political party.

§ 101 Contribution Limit

As of April 8, 2015, a candidate may accept a campaign contribution or contributions up to the maximum amount of ~~two thousand seven hundred dollars (\$2,700)~~ two thousand eight hundred dollars (\$2,800) for each election, whether opposed or unopposed, from:

- (a) an individual;
- (b) a political party;
- (c) a county political party committee;
- (d) a legislative caucus committee; or
- (e) an approved political action committee.

§ 102 Adjustment of Contribution Limit

The contribution limit shall be adjusted by the Arkansas Ethics Commission at the beginning of each odd-numbered year in an amount equal to the percentage certified to the Federal Election Commission by the Bureau of Labor Statistics of the Department of Labor under 52 U.S.C. § 30116(c) as existing on January 1, 2015. If the amount after adjustment is not a multiple of one hundred dollars (\$100), the Arkansas Ethics Commission shall round the amount to the nearest multiple of one hundred dollars (\$100).