

ARKANSAS REGISTER

Proposed Rule Cover Sheet



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Name of Department **Arkansas Ethics Commission**

Agency or Division Name **Arkansas Ethics Commission**

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable _____

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Name of Rule **Rules on Political Committees**

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Location and Time of Public Meeting **9:00 a.m., November 19, 2021. 501 Woodlane, Little Rock, Arkansas**

Jill Barham

From: Jill Barham
Sent: Friday, October 15, 2021 10:38 AM
To: legalads@arkansasonline.com
Cc: Julie Bauser; Graham Sloan; Drew Blankenship; Jill Barham
Subject: Sunday Legal Announcement
Attachments: Notice to the Public for ADG.docx

Good Morning:

The Ethics Commission wishes to place the attached Notice in your newspaper. We need it to run for three (3) consecutive days, beginning this Sunday, on October 17, October 18, and October 19, 2021.

Please let us know how we can be of further assistance.

Thank you,
Jill Barham
Staff Attorney
501-324-9600

NOTICE OF RULE MAKING AND PUBLIC HEARING ARKANSAS ETHICS COMMISSION

NOTICE is hereby given that the Arkansas Ethics Commission intends to amend its existing Rules on Political Committees and the Rules on Campaign Finance & Disclosure. The proposed amendments to the rules are intended to implement and administer the provisions of Act 1280 of the 2015 Regular Session of the 90th General Assembly, the 2021 Regular Session of the 93rd General Assembly, and to further implement and administer applicable provisions of the laws under the Commission's jurisdiction. A copy of the proposed, amended rules may be obtained from the Commission, which is located at 501 Woodlane, Suite 301N, Little Rock, Arkansas, 72201, telephone (501)-324-9600, and may also be found at www.ArkansasEthics.com.

Interested parties should forward written comments to Graham F. Sloan, Director, Post Office Box 1917, Little Rock, Arkansas 72203-1917, by 5:00 p.m. on November 17, 2021. The Commission will hold a public hearing on Friday, November 19, 2021, beginning at 9:00 a.m. at the Commission's office in Little Rock to consider the written submissions and receive oral comments on the aforementioned set of rules.

MARK-UP COPY

**RULES
ON
POLITICAL
COMMITTEES**

**ARKANSAS ETHICS COMMISSION
Post Office Box 1917
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§ 500 Definitions.

(a) **Approved political action committee** – As used in these rules, the term “approved political action committee” means any person who:

- (i) Receives contributions from one (1) or more persons in order to make contributions to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees;
- (ii) Does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and
- (iii) Registers pursuant to Ark. Code Ann. § 7-6-215 prior to making contributions.

An approved political action committee shall not include an organized political party as defined in Ark. Code Ann. § 7-1-101, a county political party committee, the candidate’s own campaign committee, an exploratory committee, a ballot question committee, or a legislative question committee.

~~(b) **Carryover funds** – As used in these rules, the term “carryover funds” means the amount of campaign funds retained from the last election by the candidate for future use but not to exceed the annual salary, excluding expense allowances, set by Arkansas law for the office sought. “Carryover funds” does not include campaign signs, campaign literature, and other printed campaign materials that were (i) purchased by the campaign; (ii) reported on the appropriate contribution and expenditure report for the campaign at the time of purchase; and (iii) retained for use in a future campaign by the same candidate.~~

~~(e)~~ (b) **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 or in support of or opposition to a ballot or legislative question. “Contribution” shall include membership dues paid to a committee but not filing fees paid to a committee by candidates.

“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 and 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 of chapter 6, 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 that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205 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)~~ **(c) County political party committee** – As used in these rules, the term “county political party committee” means a person that:

- (i) Is organized at the county level for the purpose of supporting its affiliate party and making contributions;
- (ii) Is recognized by an organized political party, as defined in Ark. Code Ann. § 7-1-101, as being affiliated with that political party;
- (iii) Receives contributions from one (1) or more persons in order to make contributions to candidates, campaign committees, ballot question committees, legislative question committees, political parties, political action committees, or other county political party committees;
- (iv) Does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and
- (v) Registers pursuant to Ark. Code Ann. § 7-6-226 prior to making contributions.

~~(e)~~ **(d) Legislative caucus committee** – As used in these rules, the term “legislative caucus committee” means a person that:

- (i) Is composed exclusively of members of the General Assembly;
- (ii) Elects or appoints officers and recognizes identified legislators as members of the organization; and
- (iii) 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 member is the Lieutenant Governor or the Governor is a “legislative caucus committee” for purposes of these rules.

~~(f)~~ **(e) 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 that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205, county political party committees, and legislative caucus committees.

~~(g)~~ **(f) (1)** “Printed campaign materials” means:

(A) Literature mailed to an elector that is intended to or calculated to influence the vote of an elector in an election in this state, including without limitation signs, banners, flyers, and pamphlets; and

(B) Yard signs and push cards intended to or calculated to influence the vote of an elector in an election in this state.

(2) “Printed campaign materials” does not mean political paraphernalia, including without limitation stickers, buttons, pens, T-shirts, or other similar trinkets.

~~(h)~~ **(g) Prohibited political action committee** – As used in these rules, the term “prohibited political action committee” means any person who 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, but that does not meet the requirements of an approved political action committee. A prohibited political action committee shall not include a political party that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205, the candidate’s own campaign committee, a county political party committee, an exploratory committee, or a ballot or legislative question committee.

~~(i)~~ **(h) Surplus Remaining campaign funds** – As used in these rules, the term “~~surplus~~ **remaining** campaign funds” means any balance of campaign funds over expenses incurred as of the day of the election except for ~~carryover~~ **remaining campaign** funds and any funds required to repay loans made by the candidate from his or her personal funds to the campaign or to repay loans made by financial institutions to the candidate and applied to the campaign. “~~Surplus~~ **Remaining** campaign funds” does not include campaign signs, campaign literature, and other printed campaign materials that were (i) purchased by the campaign; (ii) reported on the appropriate contribution and expenditure report for the campaign at the time of the purchase; and (iii) retained for use in a future campaign by the same candidate.

§ 501 Registration by Political Action Committees

(a)(1)(A) To qualify as an approved political action committee, the committee is required to register with the Secretary of State within fifteen (15) days after accepting contributions during a calendar year that exceed five hundred dollars (\$500) in the aggregate.

(B) Registration shall be annually renewed by January 15, unless the committee ceased to exist.

(C) Except as provided in § 501(a)(1)(D) of these rules, registration shall be on forms provided by the Secretary of State, and the contents therein shall be verified by an affidavit of an officer of the committee.

(D) (i) Registration with the Secretary of State under these rules may be filed in electronic form through the official website of the Secretary of State if electronic filing is offered by the Secretary of State. An electronic registration shall be verified by an officer of the committee. The Arkansas Ethics Commission shall approve a format used by the Secretary of State for registering as a committee to ensure that all required information is requested.

(ii) A format used by the Secretary of State for registering as a committee in electronic form shall provide that a registration filed in electronic form be rejected by that office if it omits the name, street address, or telephone number of an individual designated as the resident agent for the committee.

(iii) The official website of the Secretary of State shall allow for searches of committee registration information filed in electronic form.

(2)(A) The committee shall designate a resident agent who shall be an individual who resides in the State of Arkansas.

(B) No contribution shall be accepted from a committee and no expenditure shall be made by a committee that has not registered and does not have a resident agent.

(3)(A) No approved political action committee shall accept a contribution from a prohibited political action committee as defined in § 500(h) of these rules.

(B) It shall be unlawful for a prohibited political action committee as defined in § 500(h) of these rules to make a contribution to:

- (i) A ballot question committee;
- (ii) A legislative question committee;
- (iii) A political party;
- (iv) A county political party committee;
- (v) ~~an~~ An approved political action committee; ~~or;~~
- (vi) A prohibited political action committee.

(4)(A) An out-of-state committee, including a federal committee, shall be required to comply with the registration and reporting provisions of these rules if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees within the State of Arkansas.

(B) § 501(a)(4)(A) of these rules shall not apply to: (i) the national committee of any political party that is registered with the Federal Election Commission; (ii) any federal candidate committee that is registered with the Federal Election Commission; (iii) funds which a subordinate committee of the national committee of any political party that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101; or (iv) funds which a political action committee that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101.

(b) The registration form of an approved political action committee shall contain the following information:

(1) The name, address, and, where available, phone number of the committee and the name, address, phone number, and place of employment of each of its officers, provided if the committee's name is an acronym, then both it and the words forming the acronym shall be disclosed;

(2) The professional, business, trade, labor, or other interests represented by the committee, including any individual business, organization, association, corporation, labor organization, or other group or firm whose interests will be represented by the committee;

(3) The full name and street address, city, state, and zip code of each financial institution the committee uses for purposes of receiving contributions or making expenditures within the State of Arkansas;

(4) The name, street address, and telephone number of the individual designated as the resident agent for the committee and, if the registration form is filed in paper form, a written acceptance of designation as a resident agent;

(5) A certification by a committee officer, under penalty of false swearing, that the information provided on the registration is true and correct; and

(6) A clause submitting the committee to the jurisdiction of the State of Arkansas for all purposes related to compliance with the provisions of subchapter 2 of chapter 6, Title 7 of the Arkansas Code.

(c)(1) When a committee makes a change to any of the information required in § 501(b) of these rules, an amendment is required to be filed within ten (10) days to reflect the change.

(2) A committee failing to file an amendment shall be subject to a late filing fee of ten dollars (\$10.00) for each day the change is not filed.

(d) Registration with the Secretary of State under this section may be filed in paper form if:

(1) The political action committee does not have access to the technology necessary to submit registration in electronic form;

(2) Submitting registration in electronic form would constitute a substantial hardship for the political action committee; and

(3) The political action committee submits a notarized affidavit that complies with Ark. Code Ann. § 7-6-231.

§ 502 Reporting by Political Action Committees

(a) Within fifteen (15) calendar days after the end of each calendar quarter, approved political action committees are required to file a quarterly report with the Secretary of State, including the following information:

(1) The total amount of contributions received and the total amount of contributions made during the filing (i.e., reporting) period and the cumulative amount of those totals;

(2) The current balance of committee funds;

(3) The name and address of each person that made a contribution or contributions to the committee that exceeded five hundred dollars (\$500) in the aggregate during the calendar year, the contributor's place of business, employer, occupation, the date of the contribution, the amount contributed, and the total contributed for the year;

(4) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or other political action committee, if any, to whom or which the committee made a contribution or contributions that exceeded fifty dollars (\$50.00) in the aggregate during the filing period, with the amount contributed and the election for which the contribution was made;

(5) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or other political action committee, if any, to whom or which the committee contributed a nonmoney item, together with a description of the item, the date the item was contributed, and the value of the item; and

(6) The total amount of expenditures made for administrative expenses and for each single expenditure that exceeds one hundred dollars (\$100), an itemization including the amount of the expenditure, the name and address of the person to which the expenditure was made, and the date the expenditure was made.

(b) The reports may be filed in electronic form through the official website of the Secretary of State if electronic filing is offered by the Secretary of State.

(c) The information required in § 502(a)(1) - (6) of these rules may be provided in the form of schedules attached to a report filed in paper form.

(d) The reports shall be verified by an affidavit of an officer of the committee stating that to the best of his or her knowledge and belief the information so disclosed is a complete, true, and accurate financial statement of the committee's contributions received and made.

(e)(1) A report is timely filed if it is filed in electronic form through the official website of the Secretary of State on or before the date that the report is due if the Secretary of State offers electronic filing of committee reports.

(2) (A) The Secretary of State shall receive reports in a readable electronic format that is acceptable to the Secretary of State and approved by the Arkansas Ethics Commission.

(B) The Arkansas Ethics Commission shall approve the format used by the Secretary of State for the filing of political action committee reports in electronic form to ensure that all required information is requested.

(C) The official website of the Secretary of State shall allow for searches of committee report information filed in electronic form.

(f)(1) A person required to file reports or register in electronic form under Ark. Code Ann. § 7-6-215 may file reports or register in paper form under this section if:

(A) The person does not have access to the technology necessary to submit reports or registration in electronic form; and

(B) Submitting reports or registration in electronic form would constitute a substantial hardship for the person.

(2) A person filing reports or registration in paper form under subdivision (f)(1) of this section shall submit with its first report or registration a notarized affidavit on a form prepared by the Secretary of State declaring that:

(A) The person does not have access to the technology necessary to submit reports or registration in electronic form;

(B) Submitting reports or registration in electronic form would constitute a substantial hardship for the person; and

(C) The person agrees to file all other reports in paper form for the duration of the period of registration.

(g) The Secretary of State shall:

(1) Not accept a report or registration in paper form under subdivision (f)(1) of this section if a notarized affidavit was not submitted with the:

(A) Registration of a political action committee; or

(B) First report of a person or independent expenditure committee;

(2) Provide written notice to the political action committee within five (5) business days if the registration in paper form was not filed or accepted;

(3) Provide written notice to a political action committee, person, or independent expenditure committee within five (5) business days if a report in paper form was not filed or accepted; and

(4) Provide the reason the registration or report in paper form was not filed or accepted.

(h) The Secretary of State shall make available to persons wishing to file reports in paper form under this section:

(1) Information on the deadlines for filing required reports; and

(2)(A) Appropriate forms and instructions for complying with the deadlines.

(B) The Arkansas Ethics Commission shall approve the forms and instructions used by the Secretary of State under this section to ensure that all required information is requested.

(i) Reports shall be filed on the forms furnished by the Secretary of State, except that computer-generated contribution and expenditure reports shall be accepted by the Secretary of State and the Arkansas Ethics Commission provided that all of the requisite elements are included.

(j)(1)(A) A report submitted in paper form under this section other than a preelection report is timely filed if it is either hand delivered or mailed to the Secretary of State, properly addressed, and postage prepaid, bearing a postmark indicating that it was received by the post office or common carrier on or before the date that the report is due.

(B) A preelection report submitted in paper form under this section is timely filed if it is received by the Secretary of State no later than seven (7) days before the election for which it is filed.

(2) The Secretary of State shall accept a report via facsimile, provided the original is received by the Secretary of State within ten (10) days of the date of facsimile transmission.

(k)(1) The Secretary of State shall make available reports submitted in paper form on a portion of the official website of the Secretary of State.

(2) The Secretary of State shall comply with the requirements of Ark. Code Ann. § 7-6-214(c) regarding the “paper filer” designation and publication requirements for all report submitted in paper form.

(1)(1) A committee shall indicate on its quarterly report for the fourth quarter of each calendar year whether or not it intends to renew its registration for the next calendar year.

(2)(A) If a fourth quarter report is filed in paper form, the form utilized by the Secretary of State for filing shall require the committee to indicate whether or not it intends to renew its registration for the next calendar year.

(B) A committee indicating that it will renew its registration for the next calendar year shall submit its registration form for the next calendar year at the same time as the quarterly report for the fourth quarter.

(C) The Secretary of State shall not accept a quarterly report for the fourth quarter if the committee indicates that it intends to renew its registration for the next calendar year and the registration form for the next calendar year is not submitted at the same time as the quarterly report for the fourth quarter.

(3) If the Secretary of State offers electronic filing of committee reports, the format used by the Secretary of State for the filing of committee reports in electronic format shall require a committee indicating that it intends to renew its registration for the next calendar year to renew its registration for the next calendar year before submitting its quarterly report for the fourth quarter.

§ 503 Penalties for Political Action Committees

(a) If the Arkansas Ethics Commission finds that a person or political action committee has committed a violation of Ark. Code Ann. § 7-6-215, then it may shall do one or more of the following, unless good cause be shown for the violation:

- (1) ~~Impose~~ Impose a fine of not less than fifty dollars (\$50.00) and not more than three thousand, five hundred dollars (\$3,500.00); ~~and/or~~
- (2) ~~issue~~ Issue a public letter of caution, warning, or reprimand;
- (3) Order the respondent to file or amend a statutorily required disclosure form; or
- (4) Report its finding, along with such information and documents as it deems appropriate; and make recommendations to the proper law enforcement authorities.

(b) In addition, the Arkansas Ethics Commission may impose a late filing fee not exceeding ten dollars (\$10.00) for each day a required amendment of the information contained in a registration form remains unfiled by a political action committee.

§ 504 Legislative Caucus Committees

A legislative caucus committee is required to comply with the registration and reporting provisions of §§ 501-502 of these rules, including the designation of a resident agent who is an individual who resides in the State of Arkansas and the establishment of an account in a financial institution, if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or political action committees.

§ 505 Out-of-State Political Action Committees

An out-of-state political action committee, including a federal committee, is required to comply with the registration and reporting provisions of §§ 501-502 and is subject to the jurisdiction of the State of Arkansas for all purposes related to compliance with the provisions of subchapter 2 of chapter 6, Title 7 of the Arkansas Code, if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees within the State of Arkansas.

Section 505 of these rules shall not apply to: (i) the national committee of any political party that is registered with the Federal Election Commission; (ii) any federal candidate committee that is registered with the Federal Election Commission; (iii) funds which a subordinate committee of the national committee of any political party that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101; or (iv) funds which a political action committee that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101.

§ 506 Paid for by Disclaimer

(a) All articles, statements, or communications appearing in any newspaper printed or circulated in this state intended or calculated to influence the vote of any elector in any election and for the publication of which a consideration is paid or to be paid shall clearly contain the words “paid Political Advertisement”, “Paid Political Ad”, or “Paid for by” the candidate, committee, or person who paid for the message. Both the persons placing and the persons publishing the articles, statements, or communications shall be responsible for including the required disclaimer. In addition, all articles, statements, or communications appearing in any radio, television, or any other electronic medium intended or calculated to influence the vote of any elector in any election and for the publication of which a consideration is paid or to be paid shall clearly contain the words “Paid Political Advertisement” or “Paid Political Ad” or “Paid for by”, “Sponsored by”, or “Furnished by” the true sponsor of the advertisement. Both the persons placing and the persons publishing the articles, statements, or communications shall be responsible for including the required disclaimer.

(b)(1) Printed campaign materials as defined in § 500(g) of these rules, shall clearly contain the words “Paid for by” followed by the name of the candidate, committee, or person who paid for the campaign sign, campaign literature, or other printed campaign materials.

(2) Subdivision (b)(1) of this section applies only to campaign signs, campaign literature, and other printed campaign materials created by or sponsored by a political candidate, the campaign of a political candidate, a political action committee, or an independent expenditure committee.

§ 507 Registration by County Political Party Committees

(a)(1)(A) To qualify as a county political party committee, a committee is required to register with the Secretary of State within fifteen (15) days after accepting contributions during a calendar year which, in the aggregate, exceed five thousand dollars (\$5,000).

(B) The registration is to be annually renewed by January 15, unless the committee has ceased to exist.

(C) Registration shall be on forms provided by the Secretary of State, and the contents of the form shall be verified by an affidavit of an officer of the committee.

(2)(A) The committee is required to appoint a treasurer who is a qualified elector of the State of Arkansas.

(B) No contribution shall be accepted from a committee and no expenditure shall be made by a committee that has not registered and which does not have a treasurer.

(3)(A) No county political party committee shall accept a contribution from a prohibited political action committee as defined in § 500(h) of these rules.

(B) It shall be unlawful for a prohibited political action committee as defined in § 500(h) of these rules to make a contribution to a county political party committee.

(b) The committee is required to disclose on the registration form the following information:

(1) The name, address, and, when available, phone number of the committee and the name, address, phone number, and place of employment of each of its officers, provided if the committee’s name is an acronym, then both the acronym and the words forming the acronym shall be disclosed;

(2) The political party with which the county political party committee is affiliated;

(3) The full name and street address, city, state, and zip code of the financial institution in the State of Arkansas that the committee designates as its official depository for the purposes of depositing all money contributions that it receives in this state and making all expenditures in this state; and

- (4) A written acceptance of appointment by the treasurer.

§ 508 Reporting by County Political Party Committees

(a)(1) Within fifteen (15) calendar days after the end of each calendar quarter, county political party committees are required to file a quarterly report with the Secretary of State, including the following information:

(A) The total amount of contributions received and the total amount of contributions made during the filing period and the cumulative amount of these totals;

(B) The current balance of committee funds;

(C) The name and address of each person that made a contribution or contributions to the committee that exceeded five hundred dollars (\$500) in the aggregate, the contributor's place of business, employer, or occupation, the date of the contribution, the amount contributed, and the total contributed for the year;

(D) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, political action committee, or other county political party committee, if any, to whom or which the committee made a contribution or contributions that exceeded fifty dollars (\$50.00) in the aggregate during the filing period, with the amount contributed and the election for which the contribution was made;

(E) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, political action committee, or other county political party committee, if any, to whom or which the committee contributed a nonmoney item, together with a description of the item, the date the item was contributed, and the value of the item;

(F) The total amount of expenditures made for administrative expenses and for each single expenditure that exceeds one hundred dollars (\$100) an itemization including the amount of the expenditure, the name and address of the person to which the expenditure was made, and the date the expenditure was made; and

(G) Any change in information required by these rules.

(2) The reports shall be verified by an affidavit of an officer of the committee stating that to the best of his or her knowledge and belief the information disclosed is a complete, true, and accurate financial statement of the committee's contributions received and made.

(3)(A) A report is timely filed if it is either hand delivered or mailed to the Secretary of State, properly addressed, postage prepaid, bearing a postmark indicating that it was received by the post office or common carrier on the date that the report is due.

(B) The Secretary of State shall accept via facsimile any report if the original is received by the Secretary of State within ten (10) days of the date of transmission.

(C) The Secretary of State may receive reports in a readable electronic format acceptable to the Secretary of State and approved by the Arkansas Ethics Commission.

§ 509 Penalties for County Political Party Committees

If the Arkansas Ethics Commission finds that a person or county political party committee has committed a violation of Ark. Code Ann. § 7-6-226, then it may shall do one or more of the following, unless good cause be shown for the violation:

- (a) ~~impose~~ Impose a fine of not less than fifty dollars (\$50.00) and not more than three thousand, five hundred dollars (\$3,500.00); and/or
- (b) ~~issue~~ Issue a public letter of caution, warning, or reprimand;:
- (c) Order the respondent to file or amend a statutorily required disclosure form; or
- (d) Report its finding, along with such information and documents as it deems appropriate; and make recommendations to the proper law enforcement authorities.

~~If the Arkansas Ethics Commission finds that a person or county political party committee has committed a violation of Ark. Code Ann. § 7-6-226, then it may impose a fine of not less than fifty dollars (\$50.00) and not more than three thousand, five hundred dollars (\$3,500.00) and/or issue a public letter of caution, warning, or reprimand~~

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§ 510 Records Retention by PACs and County Political Party Committees

Each committee is required to maintain for a period of four (4) years records evidencing the name, address, and place of employment of each person who contributed to the committee, along with the amount contributed. Furthermore, each committee shall maintain for a period of four (4) years records evidencing the name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or political action committee who or which received a contribution from the committee, along with the amount contributed.

§ 511 Contribution Limits

(a) No political action committee or county political party committee shall accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year.

(b) For purposes of making contributions to candidates, each political action committee and county political party committee may contribute up to the maximum amount to a candidate's campaign for each election, whether the candidate is opposed or unopposed. Pursuant to Ark. Code Ann. § 7-6-203, the contribution limit for each election cycle 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. In accordance with the Arkansas Ethics Commission's Rules on Campaign Finance & Disclosure, the Arkansas Ethics Commission shall announce the contribution limit in effect for each election cycle.

§ 512 Administrative Expenses of PACs and County Political Party Committees

It is permissible for a PAC or a county political party committee to pay reasonable administrative expenses out of the contributions it has received.

§ 513 Receipt of ~~Surplus Campaign Funds or Carryover~~ Campaign Funds or Remaining Campaign Funds by Political Party Caucus

~~Surplus campaign funds or carryover Campaign funds or remaining campaign~~ funds given to a political party caucus shall be segregated in an account separated from other caucus funds and shall not be used by the political party caucus to make a campaign contribution or to provide any personal income to any candidate who donated ~~surplus campaign funds or carryover campaign funds or remaining campaign~~ funds.

§ 514 Amendment of Reports – Affirmative Defense of Unintentional Error

(a) It is an affirmative defense to prosecution or disciplinary action if a person required to file a report under these rules amends the report within thirty (30) days of discovering or learning of an unintentional error in the report.

(b) The Arkansas Ethics Commission shall not proceed with an investigation of an alleged error in a report filed under these rules if the Arkansas Ethics Commission determines that a person would be eligible to raise the aforementioned affirmative defense. If the Arkansas Ethics Commission does not proceed with an investigation of an alleged error, the person shall not be considered to have committed a violation of the applicable statute.

(c) This section shall not be construed to remove the duty to file a report under these rules or authorize a person to knowingly fail to file a report under these rules.

CLEAN RULE

**RULES
ON
POLITICAL
COMMITTEES**

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

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§ 500 Definitions.

(a) **Approved political action committee** – As used in these rules, the term “approved political action committee” means any person who:

- (i) Receives contributions from one (1) or more persons in order to make contributions to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees;
- (ii) Does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and
- (iii) Registers pursuant to Ark. Code Ann. § 7-6-215 prior to making contributions.

An approved political action committee shall not include an organized political party as defined in Ark. Code Ann. § 7-1-101, a county political party committee, the candidate’s own campaign committee, an exploratory committee, a ballot question committee, or a legislative question committee.

(b) **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 or in support of or opposition to a ballot or legislative question. “Contribution” shall include membership dues paid to a committee but not filing fees paid to a committee by candidates.

“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 and 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 of chapter 6, 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 that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205 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.

(c) County political party committee – As used in these rules, the term “county political party committee” means a person that:

- (i) Is organized at the county level for the purpose of supporting its affiliate party and making contributions;
- (ii) Is recognized by an organized political party, as defined in Ark. Code Ann. § 7-1-101, as being affiliated with that political party;
- (iii) Receives contributions from one (1) or more persons in order to make contributions to candidates, campaign committees, ballot question committees, legislative question committees, political parties, political action committees, or other county political party committees;
- (iv) Does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year; and
- (v) Registers pursuant to Ark. Code Ann. § 7-6-226 prior to making contributions.

(d) Legislative caucus committee – As used in these rules, the term “legislative caucus committee” means a person that:

- (i) Is composed exclusively of members of the General Assembly;
- (ii) Elects or appoints officers and recognizes identified legislators as members of the organization; and
- (iii) 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 member is the Lieutenant Governor or the Governor is a “legislative caucus committee” for purposes of these rules.

(e) 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 that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205, county political party committees, and legislative caucus committees.

(f) (1) “Printed campaign materials” means:

(A) Literature mailed to an elector that is intended to or calculated to influence the vote of an elector in an election in this state, including without limitation signs, banners, flyers, and pamphlets; and

(B) Yard signs and push cards intended to or calculated to influence the vote of an elector in an election in this state.

(2) “Printed campaign materials” does not mean political paraphernalia, including without limitation stickers, buttons, pens, T-shirts, or other similar trinkets.

(g) Prohibited political action committee – As used in these rules, the term “prohibited political action committee” means any person who 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, but that does not meet the requirements of an approved political action committee. A prohibited political action committee shall not include a political party that meets the definition of “political party” under Ark. Code Ann. § 7-1-101 or the requirements of Ark. Code Ann. § 7-7-205, the candidate’s own campaign committee, a county political party committee, an exploratory committee, or a ballot or legislative question committee.

(h) Remaining campaign funds – As used in these rules, the term remaining campaign funds” means any balance of campaign funds over expenses incurred as of the day of the election except for remaining campaign funds and any funds required to repay loans made by the candidate from his or her personal funds to the campaign or to repay loans made by financial institutions to the candidate and applied to the campaign. “Remaining campaign funds” does not include campaign signs, campaign literature, and other printed campaign materials that were (i) purchased by the campaign; (ii) reported on the appropriate contribution and expenditure report for the campaign at the time of the purchase; and (iii) retained for use in a future campaign by the same candidate.

§ 501 Registration by Political Action Committees

(a)(1)(A) To qualify as an approved political action committee, the committee is required to register with the Secretary of State within fifteen (15) days after accepting contributions during a calendar year that exceed five hundred dollars (\$500) in the aggregate.

(B) Registration shall be annually renewed by January 15, unless the committee ceased to exist.

(C) Except as provided in § 501(a)(1)(D) of these rules, registration shall be on forms provided by the Secretary of State, and the contents therein shall be verified by an affidavit of an officer of the committee.

(D) (i) Registration with the Secretary of State under these rules may be filed in electronic form through the official website of the Secretary of State if electronic filing is offered by the Secretary of State. An electronic registration shall be verified by an officer of the

committee. The Arkansas Ethics Commission shall approve a format used by the Secretary of State for registering as a committee to ensure that all required information is requested.

(ii) A format used by the Secretary of State for registering as a committee in electronic form shall provide that a registration filed in electronic form be rejected by that office if it omits the name, street address, or telephone number of an individual designated as the resident agent for the committee.

(iii) The official website of the Secretary of State shall allow for searches of committee registration information filed in electronic form.

(2)(A) The committee shall designate a resident agent who shall be an individual who resides in the State of Arkansas.

(B) No contribution shall be accepted from a committee and no expenditure shall be made by a committee that has not registered and does not have a resident agent.

(3)(A) No approved political action committee shall accept a contribution from a prohibited political action committee as defined in § 500(h) of these rules.

(B) It shall be unlawful for a prohibited political action committee as defined in § 500(h) of these rules to make a contribution to:

- (i) A ballot question committee;
- (ii) A legislative question committee;
- (iii) A political party;
- (iv) A county political party committee;
- (v) An approved political action committee; or
- (vi) A prohibited political action committee.

(4)(A) An out-of-state committee, including a federal committee, shall be required to comply with the registration and reporting provisions of these rules if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees within the State of Arkansas.

(B) § 501(a)(4)(A) of these rules shall not apply to: (i) the national committee of any political party that is registered with the Federal Election Commission; (ii) any federal candidate committee that is registered with the Federal Election Commission; (iii) funds which a subordinate committee of the national committee of any political party that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101; or (iv) funds which a political action committee that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101.

(b) The registration form of an approved political action committee shall contain the following information:

(1) The name, address, and, where available, phone number of the committee and the name, address, phone number, and place of employment of each of its officers, provided if the committee's name is an acronym, then both it and the words forming the acronym shall be disclosed;

(2) The professional, business, trade, labor, or other interests represented by the committee, including any individual business, organization, association, corporation, labor organization, or other group or firm whose interests will be represented by the committee;

(3) The full name and street address, city, state, and zip code of each financial institution the committee uses for purposes of receiving contributions or making expenditures within the State of Arkansas;

(4) The name, street address, and telephone number of the individual designated as the resident agent for the committee and, if the registration form is filed in paper form, a written acceptance of designation as a resident agent;

(5) A certification by a committee officer, under penalty of false swearing, that the information provided on the registration is true and correct; and

(6) A clause submitting the committee to the jurisdiction of the State of Arkansas for all purposes related to compliance with the provisions of subchapter 2 of chapter 6, Title 7 of the Arkansas Code.

(c) (1) When a committee makes a change to any of the information required in § 501(b) of these rules, an amendment is required to be filed within ten (10) days to reflect the change.

(2) A committee failing to file an amendment shall be subject to a late filing fee of ten dollars (\$10.00) for each day the change is not filed.

(d) Registration with the Secretary of State under this section may be filed in paper form if:

(1) The political action committee does not have access to the technology necessary to submit registration in electronic form;

(2) Submitting registration in electronic form would constitute a substantial hardship for the political action committee; and

(3) The political action committee submits a notarized affidavit that complies with Ark. Code Ann. § 7-6-231.

§ 502 Reporting by Political Action Committees

(a) Within fifteen (15) calendar days after the end of each calendar quarter, approved political action committees are required to file a quarterly report with the Secretary of State, including the following information:

(1) The total amount of contributions received and the total amount of contributions made during the filing (i.e., reporting) period and the cumulative amount of those totals;

(2) The current balance of committee funds;

(3) The name and address of each person that made a contribution or contributions to the committee that exceeded five hundred dollars (\$500) in the aggregate during the calendar year, the contributor's place of business, employer, occupation, the date of the contribution, the amount contributed, and the total contributed for the year;

(4) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or other political action committee, if any, to whom or which the committee made a contribution or contributions that exceeded fifty dollars (\$50.00) in the aggregate during the filing period, with the amount contributed and the election for which the contribution was made;

(5) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or other political action committee, if any, to whom or which the committee contributed a nonmoney item, together with a description of the item, the date the item was contributed, and the value of the item; and

(6) The total amount of expenditures made for administrative expenses and for each single expenditure that exceeds one hundred dollars (\$100), an itemization including the amount of the expenditure, the name and address of the person to which the expenditure was made, and the date the expenditure was made.

(b) The reports may be filed in electronic form through the official website of the Secretary of State if electronic filing is offered by the Secretary of State.

(c) The information required in § 502(a)(1) - (6) of these rules may be provided in the form of schedules attached to a report filed in paper form.

(d) The reports shall be verified by an affidavit of an officer of the committee stating that to the best of his or her knowledge and belief the information so disclosed is a complete, true, and accurate financial statement of the committee's contributions received and made.

(e) **(1)** A report is timely filed if it is filed in electronic form through the official website of the Secretary of State on or before the date that the report is due if the Secretary of State offers electronic filing of committee reports.

(2) (A) The Secretary of State shall receive reports in a readable electronic format that is acceptable to the Secretary of State and approved by the Arkansas Ethics Commission.

(B) The Arkansas Ethics Commission shall approve the format used by the Secretary of State for the filing of political action committee reports in electronic form to ensure that all required information is requested.

(C) The official website of the Secretary of State shall allow for searches of committee report information filed in electronic form.

(f) (1) A person required to file reports or register in electronic form under Ark. Code Ann. § 7-6-215 may file reports or register in paper form under this section if:

(A) The person does not have access to the technology necessary to submit reports or registration in electronic form; and

(B) Submitting reports or registration in electronic form would constitute a substantial hardship for the person.

(2) A person filing reports or registration in paper form under subdivision (f)(1) of this section shall submit with its first report or registration a notarized affidavit on a form prepared by the Secretary of State declaring that:

(A) The person does not have access to the technology necessary to submit reports or registration in electronic form;

(B) Submitting reports or registration in electronic form would constitute a substantial hardship for the person; and

(C) The person agrees to file all other reports in paper form for the duration of the period of registration.

(g) The Secretary of State shall:

(1) Not accept a report or registration in paper form under subdivision (f)(1) of this section if a notarized affidavit was not submitted with the:

(A) Registration of a political action committee; or

(B) First report of a person or independent expenditure committee;

(2) Provide written notice to the political action committee within five (5) business days if the registration in paper form was not filed or accepted;

(3) Provide written notice to a political action committee, person, or independent expenditure committee within five (5) business days if a report in paper form was not filed or accepted; and

(4) Provide the reason the registration or report in paper form was not filed or accepted.

(h) The Secretary of State shall make available to persons wishing to file reports in paper form under this section:

(1) Information on the deadlines for filing required reports; and

(2)(A) Appropriate forms and instructions for complying with the deadlines.

(B) The Arkansas Ethics Commission shall approve the forms and instructions used by the Secretary of State under this section to ensure that all required information is requested.

(i) Reports shall be filed on the forms furnished by the Secretary of State, except that computer-generated contribution and expenditure reports shall be accepted by the Secretary of State and the Arkansas Ethics Commission provided that all of the requisite elements are included.

(j)(1)(A) A report submitted in paper form under this section other than a preelection report is timely filed if it is either hand delivered or mailed to the Secretary of State, properly addressed, and postage prepaid, bearing a postmark indicating that it was received by the post office or common carrier on or before the date that the report is due.

(B) A preelection report submitted in paper form under this section is timely filed if it is received by the Secretary of State no later than seven (7) days before the election for which it is filed.

(2) The Secretary of State shall accept a report via facsimile, provided the original is received by the Secretary of State within ten (10) days of the date of facsimile transmission.

(k)(1) The Secretary of State shall make available reports submitted in paper form on a portion of the official website of the Secretary of State.

(2) The Secretary of State shall comply with the requirements of Ark. Code Ann. § 7-6-214(c) regarding the “paper filer” designation and publication requirements for all report submitted in paper form.

(l) (1) A committee shall indicate on its quarterly report for the fourth quarter of each calendar year whether or not it intends to renew its registration for the next calendar year.

(2)(A) If a fourth quarter report is filed in paper form, the form utilized by the Secretary of State for filing shall require the committee to indicate whether or not it intends to renew its registration for the next calendar year.

(B) A committee indicating that it will renew its registration for the next calendar year shall submit its registration form for the next calendar year at the same time as the quarterly report for the fourth quarter.

(C) The Secretary of State shall not accept a quarterly report for the fourth quarter if the committee indicates that it intends to renew its registration for the next calendar year and the registration form for the next calendar year is not submitted at the same time as the quarterly report for the fourth quarter.

(3) If the Secretary of State offers electronic filing of committee reports, the format used by the Secretary of State for the filing of committee reports in electronic format shall require a committee indicating that it intends to renew its registration for the next calendar year to renew its registration for the next calendar year before submitting its quarterly report for the fourth quarter.

§ 503 Penalties for Political Action Committees

(a) If the Arkansas Ethics Commission finds that a person or political action committee has committed a violation of Ark. Code Ann. § 7-6-215, then it shall do one or more of the following, unless good cause be shown for the violation:

- (1) Impose a fine of not less than fifty dollars (\$50.00) and not more than three thousand, five hundred dollars (\$3,500.00);
- (2) Issue a public letter of caution, warning, or reprimand;
- (3) Order the respondent to file or amend a statutorily required disclosure form; or
- (4) Report its finding, along with such information and documents as it deems appropriate; and make recommendations to the proper law enforcement authorities.

(b) In addition, the Arkansas Ethics Commission may impose a late filing fee not exceeding ten dollars (\$10.00) for each day a required amendment of the information contained in a registration form remains unfiled by a political action committee.

§ 504 Legislative Caucus Committees

A legislative caucus committee is required to comply with the registration and reporting provisions of §§ 501-502 of these rules, including the designation of a resident agent who is an individual who resides in the State of Arkansas and the establishment of an account in a financial institution, if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or political action committees.

§ 505 Out-of-State Political Action Committees

An out-of-state political action committee, including a federal committee, is required to comply with the registration and reporting provisions of §§ 501-502 and is subject to the jurisdiction of the State of Arkansas for all purposes related to compliance with the provisions of subchapter 2 of chapter 6, Title 7 of the Arkansas Code, if the committee contributes more than five hundred dollars (\$500) in a calendar year to candidates, campaign committees, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees within the State of Arkansas.

Section 505 of these rules shall not apply to: (i) the national committee of any political party that is registered with the Federal Election Commission; (ii) any federal candidate committee that is registered with the Federal Election Commission; (iii) funds which a subordinate committee of the national committee of any political party that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101; or (iv) funds which a political action committee that is registered with the Federal Election Commission transfers to the federal account of an organized political party as defined in Ark. Code Ann. § 7-1-101.

§ 506 Paid for by Disclaimer

(a) All articles, statements, or communications appearing in any newspaper printed or circulated in this state intended or calculated to influence the vote of any elector in any election and for the publication of which a consideration is paid or to be paid shall clearly contain the words “paid Political Advertisement”, “Paid Political Ad”, or “Paid for by” the candidate, committee, or person who paid for the message. Both the persons placing and the persons publishing the articles, statements, or communications shall be responsible for including the required disclaimer. In addition, all articles, statements, or communications appearing in any radio, television, or any other electronic medium intended or calculated to influence the vote of any elector in any election and for the publication of which a consideration is paid or to be paid shall clearly contain the words “Paid Political Advertisement” or “Paid Political Ad” or “Paid for by”, “Sponsored by”, or “Furnished by” the true sponsor of the advertisement. Both the persons placing and the persons publishing the articles, statements, or communications shall be responsible for including the required disclaimer.

(b)(1) Printed campaign materials as defined in § 500(g) of these rules, shall clearly contain the words “Paid for by” followed by the name of the candidate, committee, or person who paid for the campaign sign, campaign literature, or other printed campaign materials.

(2) Subdivision (b)(1) of this section applies only to campaign signs, campaign literature, and other printed campaign materials created by or sponsored by a political candidate, the campaign of a political candidate, a political action committee, or an independent expenditure committee.

§ 507 Registration by County Political Party Committees

(a)(1)(A) To qualify as a county political party committee, a committee is required to register with the Secretary of State within fifteen (15) days after accepting contributions during a calendar year which, in the aggregate, exceed five thousand dollars (\$5,000).

(B) The registration is to be annually renewed by January 15, unless the committee has ceased to exist.

(C) Registration shall be on forms provided by the Secretary of State, and the contents of the form shall be verified by an affidavit of an officer of the committee.

(2)(A) The committee is required to appoint a treasurer who is a qualified elector of the State of Arkansas.

(B) No contribution shall be accepted from a committee and no expenditure shall be made by a committee that has not registered and which does not have a treasurer.

(3)(A) No county political party committee shall accept a contribution from a prohibited political action committee as defined in § 500(h) of these rules.

(B) It shall be unlawful for a prohibited political action committee as defined in § 500(h) of these rules to make a contribution to a county political party committee.

- (b)** The committee is required to disclose on the registration form the following information:
- (1)** The name, address, and, when available, phone number of the committee and the name, address, phone number, and place of employment of each of its officers, provided if the committee's name is an acronym, then both the acronym and the words forming the acronym shall be disclosed;
 - (2)** The political party with which the county political party committee is affiliated;
 - (3)** The full name and street address, city, state, and zip code of the financial institution in the State of Arkansas that the committee designates as its official depository for the purposes of depositing all money contributions that it receives in this state and making all expenditures in this state; and
 - (4)** A written acceptance of appointment by the treasurer.

§ 508 Reporting by County Political Party Committees

(a)(1) Within fifteen (15) calendar days after the end of each calendar quarter, county political party committees are required to file a quarterly report with the Secretary of State, including the following information:

(A) The total amount of contributions received and the total amount of contributions made during the filing period and the cumulative amount of these totals;

(B) The current balance of committee funds;

(C) The name and address of each person that made a contribution or contributions to the committee that exceeded five hundred dollars (\$500) in the aggregate, the contributor's place of business, employer, or occupation, the date of the contribution, the amount contributed, and the total contributed for the year;

(D) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, political action committee, or other county political party committee, if any, to whom or which the committee made a contribution or contributions that exceeded fifty dollars (\$50.00) in the aggregate during the filing period, with the amount contributed and the election for which the contribution was made;

(E) The name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, political action committee, or other county political party committee, if any, to whom or which the committee contributed a nonmoney item, together with a description of the item, the date the item was contributed, and the value of the item;

(F) The total amount of expenditures made for administrative expenses and for each single expenditure that exceeds one hundred dollars (\$100) an itemization including the amount of the expenditure, the name and address of the person to which the expenditure was made, and the date the expenditure was made; and

(G) Any change in information required by these rules.

(2) The reports shall be verified by an affidavit of an officer of the committee stating that to the best of his or her knowledge and belief the information disclosed is a complete, true, and accurate financial statement of the committee's contributions received and made.

(3)(A) A report is timely filed if it is either hand delivered or mailed to the Secretary of State, properly addressed, postage prepaid, bearing a postmark indicating that it was received by the post office or common carrier on the date that the report is due.

(B) The Secretary of State shall accept via facsimile any report if the original is received by the Secretary of State within ten (10) days of the date of transmission.

(C) The Secretary of State may receive reports in a readable electronic format acceptable to the Secretary of State and approved by the Arkansas Ethics Commission.

§ 509 Penalties for County Political Party Committees

If the Arkansas Ethics Commission finds that a person or county political party committee has committed a violation of Ark. Code Ann. § 7-6-226, then it shall do one or more of the following, unless good cause be shown for the violation:

- (a) Impose a fine of not less than fifty dollars (\$50.00) and not more than three thousand, five hundred dollars (\$3,500.00);
- (b) Issue a public letter of caution, warning, or reprimand;
- (c) Order the respondent to file or amend a statutorily required disclosure form;
- (d) Report its finding, along with such information and documents as it deems appropriate and make recommendations to the proper law enforcement authorities.

§ 510 Records Retention by PACs and County Political Party Committees

Each committee is required to maintain for a period of four (4) years records evidencing the name, address, and place of employment of each person who contributed to the committee, along with the amount contributed. Furthermore, each committee shall maintain for a period of four (4) years records evidencing the name and address of each candidate, campaign committee, ballot question committee, legislative question committee, political party, county political party committee, or political action committee who or which received a contribution from the committee, along with the amount contributed.

§ 511 Contribution Limits

- (a) No political action committee or county political party committee shall accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000) from any person in any calendar year.
- (b) For purposes of making contributions to candidates, each political action committee and county political party committee may contribute up to the maximum amount to a candidate's campaign for each election, whether the candidate is opposed or unopposed. Pursuant to Ark. Code Ann. § 7-6-203, the contribution limit for each election cycle 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. In accordance with the Arkansas Ethics Commission's Rules on Campaign Finance & Disclosure, the Arkansas Ethics Commission shall announce the contribution limit in effect for each election cycle.

§ 512 Administrative Expenses of PACs and County Political Party Committees

It is permissible for a PAC or a county political party committee to pay reasonable administrative expenses out of the contributions it has received.

§ 513 Receipt of Campaign Funds or Remaining Campaign Funds by Political Party Caucus

Campaign funds or remaining campaign funds given to a political party caucus shall be segregated in an account separated from other caucus funds and shall not be used by the political party caucus to make a campaign contribution or to provide any personal income to any candidate who donated campaign funds or remaining campaign funds.

§ 514 Amendment of Reports – Affirmative Defense of Unintentional Error

(a) It is an affirmative defense to prosecution or disciplinary action if a person required to file a report under these rules amends the report within thirty (30) days of discovering or learning of an unintentional error in the report.

(b) The Arkansas Ethics Commission shall not proceed with an investigation of an alleged error in a report filed under these rules if the Arkansas Ethics Commission determines that a person would be eligible to raise the aforementioned affirmative defense. If the Arkansas Ethics Commission does not proceed with an investigation of an alleged error, the person shall not be considered to have committed a violation of the applicable statute.

(c) This section shall not be construed to remove the duty to file a report under these rules or authorize a person to knowingly fail to file a report under these rules.

**QUESTIONNAIRE FOR FILING PROPOSED RULES WITH THE
ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT/AGENCY Arkansas Ethics Commission
DIVISION
DIVISION DIRECTOR Graham Sloan
CONTACT PERSON Graham Sloan
ADDRESS 501 Woodlane Street, Suite 301N, Little Rock, AR 72201
PHONE NO. 324-9600 **FAX NO.** 324-9606 **E-MAIL** Graham.Sloan@Arkansas.gov
NAME OF PRESENTER AT COMMITTEE MEETING Graham Sloan
PRESENTER E-MAIL Graham.Sloan@Arkansas.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.**
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.**
- C. If you have a method of indexing your rules, please give the proposed citation after “Short Title of this Rule” below.**
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:**

**Jessica C. Sutton
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201**

- 1. What is the short title of this rule? **Rules on Political Committees**
- 2. What is the subject of the proposed rule?

The purpose of these proposed amendments is to bring the Rules on Political Committees into conformity with the legislation passed during the 93rd General Assembly of the Arkansas Legislature. Likewise, there is a small grammatical change that was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules.

- 3. Is this rule required to comply with a federal statute, rule, or regulation?
Yes ___ No

If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act?
Yes___ No

If yes, what is the effective date of the emergency rule? N/A

When does the emergency rule expire? N/A

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes_____ No N/A

4. Is this a new rule? Yes_____ No

5.

If yes, please provide a brief summary explaining the rule.

BRIEF SUMMARY:

Act 254 clarified that a “prohibited political action committee” is prohibited from making campaign contributions to another “prohibited political action committee.” Likewise, there is a small grammatical change that was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules, specifically, removing and replacing the phrase “and/or” whenever possible. It was amended so more closely mirror the statutory language.

Act 737 removed the word “carryover” and replaced the word “surplus” with the phrase “remaining” campaign funds. Likewise, there is a small grammatical change that was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules, specifically, removing and replacing the phrase “and/or” whenever possible.

Does this repeal an existing rule? Yes___ No If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes No___ If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled “mark-up.”**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Ark. Code Ann. 7-6-217 (g)

7. What is the purpose of this proposed rule? Why is it necessary? The purpose of these proposed amendments is to bring the Rules on Political Committees into conformity with the legislation passed during the 93rd General Assembly of the Arkansas Legislature.

The purpose of the amendment is to keep the campaign contribution limit in line with the consumer price index and the rate of inflation. This proposed amendment is necessary to raise the contribution limit for candidates for public office in Arkansas for the 2021-2022 campaign cycle, as is required by Act 1280 of 2015 and seen in Ark Code Ann. §7-6-203(i).

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

ArkansasEthics.com

9. Will a public hearing be held on this proposed rule? Yes No _____
If yes, please complete the following:

Date: **November 19, 2021**

Time: **9:00 a.m.**

Place: **501 Woodlane, Suite 301 N, Little Rock, Arkansas**

10. When does the public comment period expire for permanent promulgation? (Must provide a date.) **November 17, 2021**

11. What is the proposed effective date of this proposed rule? (Must provide a date.)
ASAP (TBD, after approval by Arkansas Legislative Council)

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice.

13. Please provide proof of filing the rule with the Secretary of State as required pursuant to Ark. Code Ann. § 25-15-204(e).

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT/AGENCY: Arkansas Ethics Commission

DIVISION

PERSON COMPLETING THIS STATEMENT: Graham Sloan

PHONE NO.: 324-9600 **FAX NO.:** 324-9606 **E-MAIL:** Graham.Sloan@arkansas.gov

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 Political Committees

1. Does this proposed, amended, or repealed rule have a financial impact?

Yes ___ No

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 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 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 Next Fiscal Year

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

b. What is the additional cost of the state rule?

Current Fiscal Year Next Fiscal Year

General Revenue	-0-	General Revenue	-0-
Federal Funds	-0-	Federal Funds	-0-
Cash Funds	-0-	Cash Funds	-0-
Special Revenue	-0-	Special Revenue	-0-
Other (Identify)	-0-	Other (Identify)	-0-
Total	<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 Next Fiscal Year

\$ _____-0-_____ \$ _____-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 Next Fiscal Year

\$ _____-0-_____ \$ _____-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 _____

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.

ARKANSAS ETHICS COMMISSION

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Executive Summary

Proposed Amendments to the Rules on Political Committees

PURPOSE:

The purpose of these proposed amendments is to bring the Rules on Political Committees into conformity with the legislation passed during the 93rd General Assembly of the Arkansas Legislature. Likewise, there is a small grammatical change that was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules.

DISCUSSION:

Act 254 clarified that a “prohibited political action committee” is prohibited from making campaign contributions to another “prohibited political action committee.”

Act 737 removed the words “carryover” and “surplus” and replaced them with the phrase “remaining” campaign funds. Likewise, there is a small grammatical change that was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules, specifically, removing and replacing the phrase “and/or” whenever possible.

As was recommended by the Bureau of Legislative Research in the context of the codifications of the Code of Arkansas Rules, these proposed amendments remove and replace the phrase “and/or” whenever possible. This change will replace it in the Rules on Political Committees to more closely reflect the statutory language.

Jill Barham

From: legalads@arkansasonline.com
Sent: Friday, October 15, 2021 1:52 PM
To: Jill Barham
Subject: Re: Sunday Legal Announcement

Thanks, Jill. Good talking with you.

This notice will run Sun 10/17, Mon 10/18, and Tues 10/19.

Take care!

Gregg Sterne, Legal Advertising
Arkansas Democrat-Gazette
legalads@arkansasonline.com

From: "Jill Barham" <Jill.Barham@arkansas.gov>
To: legalads@arkansasonline.com
Cc: "Julie Bauser" <Julie.Bauser@arkansas.gov>, "Graham Sloan" <Graham.Sloan@arkansas.gov>, "Drew Blankenship" <Drew.Blankenship@arkansas.gov>, "Jill Barham" <Jill.Barham@arkansas.gov>
Sent: Friday, October 15, 2021 10:38:27 AM
Subject: Sunday Legal Announcement

Good Morning:

The Ethics Commission wishes to place the attached Notice in your newspaper. We need it to run for three (3) consecutive days, beginning this Sunday, on October 17, October 18, and October 19, 2021.

Please let us know how we can be of further assistance.

Thank you,
Jill Barham
Staff Attorney
501-324-9600