

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: S1/24/05

A Bill

SENATE BILL 68

5 By: Senator Faris
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND VARIOUS ARKANSAS ETHICS AND
10 CAMPAIGN FINANCE STATUTES, *A PORTION OF WHICH*
11 *RESULTED FROM INITIATED ACT 1 OF 1988, INITIATED*
12 *ACT 1 OF 1990, AND INITIATED ACT 1 OF 1996; AND*
13 FOR OTHER PURPOSES.
14

Subtitle

15 AN ACT TO AMEND VARIOUS ARKANSAS ETHICS
16 AND CAMPAIGN FINANCE STATUTES.
17
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19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code § 7-1-103(a)(7), concerning miscellaneous
23 misdemeanor penalties, is amended to read as follows:

24 (7)(A) All articles, statements, or communications appearing in
25 any newspaper printed or circulated in this state or on radio, television, or
26 any other electronic medium intended or calculated to influence the vote of
27 any elector in any election and for the publication of which a consideration
28 is paid or to be paid shall ~~be preceded or followed by~~ clearly contain the
29 words "Paid Political Advertisement" or "Paid Political Ad". ~~in conspicuous~~
30 ~~letters~~

31 (B) Both the persons placing and the persons publishing
32 the articles, statements, or communications shall be responsible for
33 including the required disclaimer;
34

35 SECTION 2. Arkansas Code § 7-6-201, *resulting from Initiated Act 1 of*
36 *1990* is amended to read as follows:



1 7-6-201. Definitions.

2 As used in this subchapter, unless the context otherwise requires:

3 (1)(A) "Approved political action committee" means any person
4 who:

5 (i) Receives contributions from one (1) or more
6 persons in order to make contributions to candidates;

7 (ii) Does not accept any contribution or cumulative
8 contributions in excess of five thousand dollars (\$5,000) from any person in
9 any calendar year; and

10 (iii) Has been registered pursuant to § 7-6-215 for
11 at least four (4) continuous months prior to making contributions to
12 candidates.

13 (B) "Approved political action committee" shall not
14 include an organized political party as defined in § 7-1-101~~(16)~~, the
15 candidate's own campaign committee, or an exploratory committee;

16 (2) "Candidate" means any person who has knowingly and willingly
17 taken affirmative action, including solicitation of funds, for the purpose of
18 seeking nomination for or election to any public office;

19 (3) "Carryover funds" means the amount of campaign funds
20 retained from the last election by the candidate for future use but not to
21 exceed the annual salary, excluding expense allowances, set by Arkansas law
22 for the office sought;

23 (4)(A) "Contribution" means, whether direct or indirect,
24 advances, deposits, or transfers of funds, contracts, or obligations, whether
25 or not legally enforceable, payments, gifts, subscriptions, assessments,
26 payment for services, dues, advancements, forbearance, loans, pledge or
27 promise of money or anything of value, whether or not legally enforceable, to
28 a candidate, committee, or holder of elective office, made for the purpose of
29 influencing the nomination or election of any candidate, ~~and~~.

30 (B) "Contribution" includes the purchase of tickets for
31 events such as dinners, luncheons, rallies, and similar fundraising events;
32 the granting of discounts or rebates by television and radio stations and
33 newspapers not extended on an equal basis to all candidates for the same
34 office; and any payments for the services of any person serving as an agent
35 of a candidate or committee by a person other than the candidate or committee
36 or persons whose expenditures the candidates or committee must report under

1 this subchapter. The term "contribution" further includes any transfer of
2 anything of value received by a committee from another committee.

3 (C) "Contribution" shall not include noncompensated,
4 nonreimbursed, volunteer personal services or travel;

5 (5) "Contribution and expenditure" shall not include activity
6 sponsored and funded by organized political parties as defined in § 7-1-
7 101~~(16)~~ to promote their candidates or nominees through events such as
8 dinners, luncheons, rallies, or similar gatherings and shall not include
9 nonpartisan activity designed to encourage individuals to register to vote,
10 or to vote, or any communication by any membership organization to its
11 members or stockholders if the membership organization or corporation is not
12 organized primarily for the purpose of influencing the nomination for
13 election, or election, of any candidate;

14 (6) "Election" means each election held to nominate or elect a
15 candidate to any public office, including school elections. For the purposes
16 of this subchapter, a preferential primary, a general primary, a special
17 election, and a general election shall each constitute a separate election;

18 (7) "Expenditure" means a purchase, payment, distribution, gift,
19 loan, or advance of money or anything of value, and a contract, promise, or
20 agreement to make an expenditure, made for the purpose of influencing the
21 nomination or election of any candidate;

22 (8) "Exploratory committee" means a person who receives
23 contributions which are held to be transferred to the campaign of a single
24 candidate in an election. "Exploratory committee" shall not include an
25 organized political party as defined in § 7-1-101~~(16)~~ or the candidate's own
26 campaign committee;

27 (9) "Financial institution" means any commercial bank, savings
28 and loan, mutual savings bank or savings bank, insurance company brokerage
29 house, or any corporation that is in the business of lending money and that
30 is subject to state or federal regulation;

31 (10) An "independent expenditure" is any expenditure which is
32 not a contribution and:

33 (A) Expressly advocates the election or defeat of a
34 clearly identified candidate for office;

35 (B) Is made without arrangement, cooperation, or
36 consultation between any candidate or any authorized committee or agent of

1 the candidate and the person making the expenditure or any authorized agent
2 of that person; and

3 (C) Is not made in concert with or at the request or
4 suggestion of any candidate or any authorized committee or agent of the
5 candidate;

6 (11) "Independent expenditure committee" means any person who
7 receives contributions from one (1) or more persons in order to make an
8 independent expenditure and is registered pursuant to § 7-6-215 prior to
9 making expenditures;

10 (12) "Person" means any individual, proprietorship, firm,
11 partnership, joint venture, syndicate, labor union, business trust, company,
12 corporation, association, committee, or any other organization or group of
13 persons acting in concert. It shall also include organized political parties
14 as defined in § 7-1-101~~(16)~~ and political committees within the meaning of
15 the Federal Election Campaign Act of 1971, 2 U.S.C. § 431 et seq., as in
16 effect on January 1, 2005;

17 (13) "Prohibited political action committee" means any person
18 who receives contributions from one (1) or more persons in order to make
19 contributions to candidates but who does not meet the requirements of an
20 approved political action committee or a small donor political action
21 committee. "Prohibited political action committee" shall not include an
22 organized political party as defined in § 7-1-101~~(16)~~, the candidate's own
23 campaign committee, or an exploratory committee;

24 (14) "Public office" means any office created by or under
25 authority of the laws of the State of Arkansas, or of a subdivision thereof,
26 that is filled by the voters, except a federal office;

27 (15) A "small donor political action committee" means any person
28 who:

29 (A) Receives contributions from one (1) or more
30 individuals in order to make contributions to candidates;

31 (B) Does not accept any contribution or cumulative
32 contributions in excess of twenty-five dollars (\$25) from any individual in
33 any calendar year; and

34 (C) Is registered pursuant to § 7-6-215 prior to making
35 contributions to candidates. "Small donor political action committee" shall
36 not include an organized political party, the candidate's own campaign

1 committee, or an exploratory committee; and

2 (16) "Surplus campaign funds" means any balance of campaign
3 funds over expenses incurred as of the day of the election except for:

4 (A) Carryover funds; and

5 (B) Any funds required to reimburse the candidate for
6 personal funds contributed to the campaign or to repay loans made by
7 financial institutions to the candidate and applied to the campaign.

8

9 SECTION 3. Arkansas Code § 7-6-203(d), concerning candidates accepting
10 campaign contributions *and resulting from Initiated Act 1 of 1990*, is amended
11 to read as follows:

12 (d) However, an organized political party as defined in § 7-1-101~~(16)~~
13 may contribute up to two thousand five hundred dollars (\$2,500) to each of
14 the party's candidates per election.

15

16 SECTION 4. Arkansas Code § 7-6-203(h), concerning candidates accepting
17 campaign contributions *and resulting from Initiated Act 1 of 1990 and*
18 *Initiated Act 1 of 1996*, is amended to read as follows:

19 (h)(1) Within thirty (30) days following the end of the month in which
20 the general election is held, a candidate shall turn over surplus campaign
21 funds to either:

22 (A) The Treasurer of State for the benefit of the General
23 Revenue Fund Account of the State Apportionment Fund;

24 (B) An organized political party as defined in § 7-1-
25 101~~(16)~~ or a political party caucus of the General Assembly, the Senate, or
26 House of Representatives;

27 (C) A nonprofit organization which is exempt from taxation
28 under Section 501(c)(3) of the Internal Revenue Code; or

29 (D) The contributors to the candidate's campaign.

30 (2)(A) If an unopposed candidate agrees not to solicit further
31 campaign contributions by filing an affidavit declaring such an agreement,
32 the candidate may dispose of any surplus campaign funds prior to a general
33 election as soon as the time has passed to declare an intent to be a write-in
34 candidate pursuant to § 7-5-205.

35 (B) For unopposed candidates for nonpartisan judicial
36 office, the affidavit may be filed after the deadlines have passed to declare

1 as a filing fee candidate, petition candidate, or write-in candidate under §
2 7-10-103.

3 (C) The affidavit shall be filed in the office where the
4 candidate is required to file reports of contributions received and
5 expenditures made.

6 (D) Unopposed candidates and defeated candidates who file
7 the affidavit are exempt from further reporting requirements provided that
8 the affidavit contains a statement that the candidate's campaign fund has a
9 zero balance.

10
11 SECTION 5. Arkansas Code § 7-6-217(c)(1), concerning members of the
12 Arkansas Ethics Commission *and resulting from Initiated Act 1 of 1990*, is
13 amended to read as follows:

14 (c)(1) No member of the commission shall be a federal, state, or local
15 government official or employee, an elected public official, a candidate for
16 public office, a lobbyist as defined in § 21-8-402(11), or an officer or paid
17 employee of an organized political party as defined in § 7-1-101~~(16)~~.

18
19 SECTION 6. Arkansas Code § 7-6-220(a), concerning the reporting of
20 independent expenditures *and resulting from Initiated Act 1 of 1996*, is
21 amended to read as follows:

22 (a) A person or an independent expenditure committee which makes
23 independent expenditures in an aggregate amount or value in excess of five
24 hundred dollars (\$500) in a calendar year shall file reports with the
25 Secretary of State:

26 (1) No later than thirty (30) days prior to preferential primary
27 elections, general elections and special elections covering the period ending
28 thirty-five (35) days prior to such elections;

29 (2) No later than seven (7) days prior to preferential primary
30 elections, runoff elections, general elections, and special elections
31 covering the period ending ten (10) days prior to such elections; and

32 (3) As for a final report, no later than thirty (30) days after
33 the end of the month in which the last election is held at which the
34 candidate seeks nomination or election.

35
36 SECTION 7. Arkansas Code § 7-6-222(a), concerning tax credits for

1 certain campaign contributions *and resulting from Initiated Act 1 of 1996*, is
2 amended to read as follows:

3 (a) Pursuant to regulations to be adopted by the Department of Finance
4 and Administration, a credit against individual Arkansas income taxes shall
5 be allowed for money contributions made by the taxpayer in a taxable year to
6 one (1) or more of the following:

7 (1) A candidate seeking nomination or election to a public
8 office at an election, or to the candidate's campaign committee;

9 (2) A small donor political action committee as defined in § 7-
10 6-201;

11 (3) An approved political action committee as defined in § 7-6-
12 201; or

13 (4) An organized political party as defined in § 7-1-101~~(16)~~.
14

15 SECTION 8. Arkansas Code § 7-6-223(a), concerning reports of
16 contributions by political parties *and resulting from Initiated Act 1 of*
17 *1996*, is amended to read as follows:

18 (a) Within fifteen (15) calendar days after the end of each calendar
19 quarter, each organized political party as defined in § 7-1-101~~(16)~~ shall
20 file a quarterly report with the Secretary of State.
21

22 SECTION 9. Arkansas Code Title 7, Chapter 6, Subchapter 2, *pertaining*
23 *to campaign finance law and resulting from Initiated Act 1 of 1990 and*
24 *Initiated Act 1 of 1996*, is amended to add an additional section to read as
25 follows:

26 7-6-226. Treatment of loan guarantees.

27 (a) If any person guarantees a loan that is made to a candidate and
28 applied to his or her campaign, the person shall not be treated as having
29 made a contribution to the candidate.

30 (b) If a candidate defaults on a loan that is guaranteed and the
31 lender collects from the guarantor, the guarantor shall be treated as having
32 made a contribution to the candidate in an amount equal to the amount
33 collected by the lender from the guarantor.
34

35 SECTION 10. Arkansas Code § 7-9-404(a)(1), concerning filing
36 deadlines, is amended to read as follows:

1 (a)(1)(A) A ballot question committee or a legislative question
2 committee shall file a statement of organization with the Arkansas Ethics
3 Commission within ~~fifteen (15) days after the committee is formed~~ five (5)
4 days of receiving contributions or making expenditures in excess of five
5 hundred dollars (\$500) for the purpose of expressly advocating the
6 qualification, passage, or defeat of a ballot question or the passage or
7 defeat of a legislative question.

8 (B) The commission shall maintain such statement of
9 organization until notified of the committee's dissolution.

10
11 SECTION 11. Arkansas Code § 7-9-404(b), concerning information
12 included on the statement of organization, is amended to read as follows:

13 (b) The statement of organization shall include the following
14 information:

15 (1) The name, the street address, and, where available, the
16 telephone number of the committee. A committee address and telephone number
17 may be that of the residence of an officer or director of the committee;

18 (2) The name, street address, and, where available, the
19 telephone number of the treasurer and other principal officers and directors
20 of the committee;

21 (3) The name and address of each financial institution in which
22 the committee deposits money or anything else of monetary value;

23 (4) The name of each person who is a member of the committee. A
24 person that is not an individual may be listed by its name without also
25 listing its own members, if any; and

26 (5) A brief statement identifying the substance of each ballot
27 question ~~whose~~ the qualification, passage, or defeat of which the committee
28 seeks to influence or of each legislative question ~~which~~ the passage or
29 defeat of which the committee seeks to influence and, if known, the date each
30 ballot or legislative question shall be presented to a popular vote at an
31 election.

32
33 SECTION 12. Arkansas Code § 7-9-407 is amended to read as follows:

34 7-9-407. Financial Reports - Information.

35 A financial report of a ballot question committee, a legislative
36 question committee, an individual person, a public servant, or a governmental

1 body, as required by § 7-9-406, shall contain the following information:

2 (1) The name, address, and telephone number of the committee,
3 individual person, public servant, or governmental body filing the statement;

4 (2)(A) For a committee:

5 (i) The total amount of contributions received
6 during the period covered by the financial report;

7 (ii) The total amount of expenditures made during
8 the period covered by the financial report;

9 (iii) The cumulative amount of those totals for each
10 ballot question or legislative question;

11 (iv) The balance of cash and cash equivalents on
12 hand at the beginning and the end of the period covered by the financial
13 report;

14 (v) The total amount of contributions received
15 during the period covered by the financial statement from persons who
16 contributed less than one hundred dollars (\$100), and the cumulative amount
17 of that total for each ballot question or legislative question;

18 (vi) The total amount of contributions received
19 during the period covered by the financial statement from persons who
20 contributed one hundred dollars (\$100) or more, and the cumulative amount of
21 that total for each ballot question or legislative question; ~~and~~

22 (vii) The name and street address of each person who
23 contributed one hundred dollars (\$100) or more during the period covered by
24 the financial report, together with the amount contributed, the date of
25 receipt, and the cumulative amount contributed by that person for each ballot
26 question or legislative question; and

27 (viii) The name and address of each person who
28 contributed a nonmoney item, together with a description of the item, the
29 date of receipt, and the value, not including volunteer service by
30 individuals;

31 (B) For an individual person:

32 (i) The total amount of expenditures made during the
33 period covered by the financial report; and

34 (ii) The cumulative amount of that total for each
35 ballot question or legislative question; and

36 (C) For a public servant or governmental body using public

1 funds:

2 (i) The total amount of expenditures made during the
3 period covered by the financial report; and

4 (ii) The cumulative amount of that total for each
5 ballot question or legislative question; and

6 (3) The name and street address of each person to whom
7 expenditures totalling one hundred dollars (\$100) or more were made, together
8 with the date and amount of each separate expenditure to each person during
9 the period covered by the financial report and the purpose of the
10 expenditure.

11
12 SECTION 13. Arkansas Code § 21-8-301 is amended to read as follows:

13 21-8-301. Definitions.

14 In this subchapter,

15 ~~(1)(A) "Financial interest" means notes, stock certificates,~~
16 ~~bonds, contracts, or other evidence of ownership interest in any firm,~~
17 ~~corporation, or enterprise.~~

18 ~~(B) "Financial interest" does not mean demand deposits,~~
19 ~~time deposits, or other types of deposits that do not vest any ownership~~
20 ~~interest in any firm, corporation, or enterprise;~~

21 ~~(2) "Regulatory agency" means any state board, commission,~~
22 ~~department, or officer authorized by law to make rules or to adjudicate~~
23 ~~contested cases except those in the legislative or judicial branches; and~~

24 ~~(3) "State state employee" means all employees of the State of~~
25 ~~Arkansas employed on a full-time or part-time basis.~~

26
27 SECTION 14. Arkansas Code § 21-8-302 is amended to read as follows:

28 21-8-302. Penalties.

29 ~~(a) Any person who knowingly or willfully fails to file any report~~
30 ~~pursuant to this subchapter or files an incomplete or inaccurate report or~~
31 ~~otherwise violates any provision of this subchapter shall be guilty of a~~
32 ~~Class B misdemeanor.~~

33 ~~(b) In addition, any person who shall willfully conceal or fail~~
34 ~~to disclose any information which, by the provisions of this subchapter, is~~
35 ~~required to be disclosed and filed with the appropriate official as required~~
36 ~~by this subchapter shall be guilty of malfeasance in office or position of~~

1 ~~employment and shall be removed therefrom.~~

2
3 SECTION 15. Arkansas Code § 21-8-601(a), concerning lobbyist
4 registration *and resulting from Initiated Act 1 of 1988*, is amended to read
5 as follows:

6 (a)(1) A lobbyist shall register within five (5) days after beginning
7 lobbying. Such registration shall be on forms provided by the Secretary of
8 State containing the following information:

9 (A) The name, address, and telephone number of the
10 lobbyist;

11 (B) The calendar year for which the lobbyist is
12 registering;

13 (C) The types of public servants being lobbied;

14 ~~(G)(D)~~ The name, address, and telephone number of the
15 lobbyist's client or employer;

16 ~~(D)(E)~~ A description of the nature of the lobbyist's
17 client or employer; and

18 ~~(E)(F)~~ Certification by the lobbyist that the information
19 contained on the lobbyist registration form is true and correct.

20 (2) If there is a change of information during the registration
21 period, a lobbyist shall file an amended registration form within ten (10)
22 days of the change.

23 ~~(2)(3)~~ A lobbyist shall not be required to register if he or she
24 engages in no lobbying other than the following activities:

25 (A) The publishing or broadcasting, by news media
26 executives or their employees or agents, in the ordinary course of business,
27 of news items, editorials, or other comments or paid advertisements which
28 directly or indirectly urge legislative action or administrative action;

29 (B) Engaging in lobbying exclusively on behalf of an
30 Arkansas church which qualifies as a tax exempt organization under §
31 501(c)(3) of the Internal Revenue Code when lobbying solely for the purpose
32 of protecting the rights of members or adherents to practice the religious
33 doctrines of the church;

34 (C)(i) Action in a person's official capacity as a public
35 servant.

36 (ii) However, a public servant shall be required to

1 register as a lobbyist if he or she:

2 (a) Receives income from a nongovernmental
3 person in excess of four hundred dollars (\$400) in a quarter for lobbying; or

4 (b) Expend or is reimbursed in excess of four
5 hundred dollars (\$400), regardless of the source, in a quarter for lobbying,
6 excluding the cost of informational material and personal travel, lodging,
7 meals, and dues;

8 (D) Drafting legislation;

9 (E) Appearing in:

10 (i) A judicial proceeding;

11 (ii) A proceeding or hearing if the appearance is a
12 matter of public record; or

13 (iii) Any hearing or appeal proceeding conducted
14 pursuant to the Arkansas Administrative Procedure Act, § 25-15-201 et seq.;

15 (F) Assisting an executive agency, at the written request
16 of the agency, in drafting administrative regulations or in publicizing or
17 assisting in the implementation of final administrative actions;

18 (G) Testifying as an individual at a public hearing in
19 support of or in opposition to legislation or administrative action,
20 testifying on behalf of a corporation, partnership, association, or other
21 organization with which the person is regularly associated as an employee,
22 officer, member, or partner, or testifying at the request of a legislative
23 committee; or

24 (H) Actions by contractors or employees of contractors
25 while engaged in selling to a governmental body by demonstrating or
26 describing commodities or services or inquiring as to specifications or terms
27 and conditions of a particular purchase unless such contractor or its
28 employees expend in excess of four hundred dollars (\$400) in a calendar
29 quarter for food, lodging, travel, or gifts to benefit public servants who
30 purchase commodities or services on behalf of a governmental body.

31 ~~(3)~~(4) A person whose only act of lobbying is to compensate or
32 reimburse a registered lobbyist in the person's behalf shall not be required
33 to register as a lobbyist.

34

35 SECTION 16. Arkansas Code § 21-8-701(a), concerning persons required
36 to file a written statement of financial interest *and resulting from*

1 *Initiated Act 1 of 1988*, is amended to read as follows:

2 (a) The following persons shall file a written statement of financial
3 interest:

4 (1) A public official, as defined in § 21-8-402(17);

5 (2) A candidate for elective office;

6 (3) A district judge or city attorney, whether elected or
7 appointed;

8 (4) Any agency head, department director, or division director
9 of state government;

10 (5)(A) Any public appointee to any state board or commission ~~who~~
11 that is authorized or charged by law with the exercise of regulatory
12 authority or is authorized to receive or disburse state or federal funds.

13 (B) A public appointee to a state board or commission
14 which is not charged by law with the exercise of regulatory authority and
15 which receives or disburses state or federal funds only in the form of
16 mileage reimbursement for members attending meetings of the board or
17 commission shall not be required to file a written statement of financial
18 interest;

19 (6) All persons who are elected members of a school board or who
20 are candidates for a position on a school board;

21 (7) All public and charter school superintendents;

22 (8) Directors of educational cooperatives; and

23 (9) Any person appointed to one (1) of the following types of
24 regional, municipal, or county boards or commissions:

25 (A) A planning board or commission;

26 (B) An airport board or commission;

27 (C) A water or sewer board or commission;

28 (D) A utility board or commission; or

29 (E) A civil service commission.

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/s/ Faris

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