

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

# A Bill

HOUSE BILL 1675

5 By: Representative Evans  
6 By: Senator J. English  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING CAMPAIGN FINANCE;  
10 TO REPEAL THE PROVISIONS CONCERNING CARRYOVER FUNDS;  
11 TO MODIFY THE USE OF CAMPAIGN FUNDS; TO AMEND  
12 PORTIONS OF INITIATED ACT 1 OF 1990 AND INITIATED ACT  
13 1 OF 1996; AND FOR OTHER PURPOSES.  
14  
15

## Subtitle

16 TO AMEND THE LAW CONCERNING CAMPAIGN  
17 FINANCE; TO REPEAL THE PROVISIONS  
18 CONCERNING CARRYOVER FUNDS; TO MODIFY THE  
19 USE OF CAMPAIGN FUNDS; AND TO AMEND  
20 PORTIONS OF INITIATED ACT 1 OF 1990 AND  
21 INITIATED ACT 1 OF 1996.  
22  
23  
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 7-6-201(3), concerning the definition of  
28 "carryover funds" as applied to campaign financing and resulting from  
29 Initiated Act 1 of 1990 and Initiated Act 1 of 1996, is repealed.

30 ~~(3)(A) "Carryover funds" means the amount of campaign funds~~  
31 ~~retained from the last election by the candidate for future use but not to~~  
32 ~~exceed the annual salary, excluding expense allowances, set by Arkansas law~~  
33 ~~for the office sought.~~

34 ~~(B) "Carryover funds" does not include campaign signs,~~  
35 ~~campaign literature, and other printed campaign materials that were~~

36 ~~(i) Purchased by the campaign;~~



1                                   ~~(ii) Reported on the appropriate contribution and~~  
 2 ~~expenditure report for the campaign at the time of the purchase; and~~  
 3                                   ~~(iii) Retained for use in a future campaign by the~~  
 4 ~~same candidate;~~

5  
 6           SECTION 2. Arkansas Code § 7-6-201(17)(A), concerning the definition  
 7 of "surplus campaign funds" as applied to campaign financing and resulting  
 8 from Initiated Act 1 of 1990 and Initiated Act 1 of 1996, is amended to read  
 9 as follows:

10                   (17)(A) "Surplus campaign funds" means any balance of campaign  
 11 funds over expenses incurred as of the day of the election except for:

- 12                                   ~~(i) Carryover funds; and~~
- 13                                   ~~(ii) Any funds required to repay loans made by the~~  
 14 candidate from his or her personal funds to the campaign; or
- 15                                   (ii) To ~~to~~ repay loans made by financial  
 16 institutions to the candidate and applied to the campaign.

17  
 18           SECTION 3. Arkansas Code § 7-6-203(f)(4)(A), concerning contribution,  
 19 limitation, acceptance, use as personal income, and disposition of campaign  
 20 funds and resulting from Initiated Act 1 of 1990 and Initiated Act 1 of 1996,  
 21 is amended to read as follows:

22                   (4)(A)(i) For purposes of this subsection, a candidate or  
 23 officeholder, who uses campaign funds ~~or carryover funds~~ to fulfill any  
 24 commitment, obligation, or expense that would exist regardless of the  
 25 candidate's campaign or officeholder activity, shall be deemed to have taken  
 26 campaign funds as personal income.

27                                   (ii) Candidates or officeholders may use campaign  
 28 funds ~~or carryover funds~~ to fulfill any commitment, obligation, or expense  
 29 authorized by law, or permitted by an Arkansas Ethics Commission rule or  
 30 opinion at the time of the expenditure, or reasonably and legitimately  
 31 related to a campaign or officeholder activity.

32  
 33           SECTION 4. Arkansas Code § 7-6-203(f)(5), concerning contribution,  
 34 limitation, acceptance, use as personal income, and disposition of campaign  
 35 funds and resulting from Initiated Act 1 of 1990 and Initiated Act 1 of 1996,  
 36 is amended to read as follows:

1 (5) If a candidate loses an election or if an officeholder is no  
 2 longer in office, and after disposing of surplus funds, has ~~carryover~~  
 3 campaign funds remaining, personal use of funds remains prohibited by this  
 4 section for expenses unless the expenses relate to a future candidacy and  
 5 comply with subdivision (f)(4) of this section.

6  
 7 SECTION 5. Arkansas Code § 7-6-203(f)(7)(A), concerning contribution,  
 8 limitation, acceptance, use as personal income, and disposition of campaign  
 9 funds and resulting from Initiated Act 1 of 1990 and Initiated Act 1 of 1996,  
 10 is amended to read as follows:

11 (A) If the personal property was retained as ~~carryover~~  
 12 campaign funds, the candidate or officeholder:

13 (i) Reported the personal property as ~~carryover~~  
 14 campaign funds; and

15 (ii) Retained or disposed of the personal property  
 16 in the manner that is required by law for ~~carryover~~ campaign funds; or  
 17

18 SECTION 6. Arkansas Code § 7-6-203(g)(4)-(6), concerning contribution,  
 19 limitation, acceptance, use as personal income, and disposition of campaign  
 20 funds and resulting from Initiated Act 1 of 1990 and Initiated Act 1 of 1996,  
 21 are amended to read as follows:

22 (4)(A) ~~Carryover funds may be expended at any time for any~~  
 23 ~~purpose not prohibited by this chapter and may be used as campaign funds for~~  
 24 ~~seeking any public office~~ Campaign funds may be maintained after an election  
 25 and used to run for election or re-election.

26 (B) Nothing shall prohibit a person at any time from  
 27 disposing of all or any portion of his or her ~~carryover~~ campaign funds ~~in the~~  
 28 ~~same manner~~ as for surplus campaign funds. However, the candidate shall not  
 29 take the funds as personal income or as income for his or her spouse or  
 30 dependent children.

31 (B)(i) ~~When a person having carryover funds files as a~~  
 32 ~~candidate for public office, his or her carryover funds shall be transferred~~  
 33 ~~to the person's active campaign fund. Once transferred, the funds will no~~  
 34 ~~longer be treated as carryover funds.~~

35 (ii) ~~This subdivision (g)(4)(B) shall not apply to~~  
 36 ~~carryover funds from an election held prior to July 1, 1997.~~

1                   ~~(iii) This subdivision (g)(4)(B) shall not apply to~~  
2 ~~a campaign debt.~~

3                   ~~(C)(i) If carryover funds are expended prior to~~  
4 ~~transferring the funds to an active campaign fund, the expenditures shall be~~  
5 ~~reported pursuant to this subdivision (g)(4)(C). A person shall file an~~  
6 ~~expenditure report concerning carryover funds if, since the last report~~  
7 ~~concerning the carryover funds, the person has expended in excess of five~~  
8 ~~hundred dollars (\$500). The report shall be filed at the office in which the~~  
9 ~~candidate was required to file his or her campaign contribution and~~  
10 ~~expenditure reports for the previous campaign not later than fifteen (15)~~  
11 ~~days after a calendar quarter in which a report becomes required. No report~~  
12 ~~is required in any calendar quarter in which the cumulative expenditure limit~~  
13 ~~has not been exceeded since the person's last report.~~

14                   ~~(ii) The person shall also file an expenditure~~  
15 ~~report for the calendar quarter in which he or she transfers the carryover~~  
16 ~~funds to an active campaign fund.~~

17                   ~~(iii)(a) A person who retains carryover funds shall~~  
18 ~~file an annual report outlining the status of the carryover fund account as~~  
19 ~~of December 31 unless the person has filed a quarterly report during the~~  
20 ~~calendar year pursuant to subdivisions (g)(4)(C)(i) and (ii) of this section.~~

21                   ~~(b) The annual report shall be due by January~~  
22 ~~31 of each year.~~

23                   ~~(c) A person who retains carryover funds from~~  
24 ~~a general election held in November or a runoff election held in November is~~  
25 ~~not required to file an annual report for the year of the general election or~~  
26 ~~runoff election from which carryover funds were retained.~~

27                   ~~(iv) The carryover fund reports of a candidate for~~  
28 ~~school district, township, municipal, or county office shall be filed with~~  
29 ~~the county clerk of the county in which the election was held.~~

30                   ~~(v)(a) The carryover fund reports of a candidate for~~  
31 ~~state or district office shall be filed with the Secretary of State.~~

32                   ~~(b) The carryover fund reports of a candidate~~  
33 ~~for state or district office filed with the Secretary of State shall be filed~~  
34 ~~in electronic form through the official website of the Secretary of State.~~  
35 ~~The Arkansas Ethics Commission shall approve the format used by the Secretary~~  
36 ~~of State for the filing of carryover fund reports in electronic form under~~

1 ~~this subdivision (g)(4)(C)(v)(b) to ensure that all required information is~~  
 2 ~~requested. The official website of the Secretary of State shall allow for~~  
 3 ~~searches of carryover fund report information required to be filed in~~  
 4 ~~electronic form under this subdivision (g)(4)(C)(v)(b).~~

5 ~~(D)(i)(C)(i)~~ Carryover Campaign funds may be retained by a  
 6 person for not more than ten (10) years after the last election at which he  
 7 or she was a candidate, or if applicable, not more than ten (10) years after  
 8 the last day that the person held office, and any remaining ~~carryover~~  
 9 campaign funds shall be disposed of ~~in the same manner~~ as for surplus  
 10 campaign funds.

11 (ii)(a) The officer with whom the person last filed  
 12 a final campaign report shall provide the person timely notice of the  
 13 requirements of this subdivision ~~(g)(4)(D)~~ (g)(4)(C) prior to the expiration  
 14 of the ten-year period.

15 (b) However, failure to provide the notice  
 16 does not relieve the person of his or her obligation under this subsection.

17 ~~(E)(i)(D)(i)~~ The use of ~~carryover~~ campaign funds to pay an  
 18 elected candidate's own personal expenses for food, lodging, conference fees,  
 19 or travel to attend a conference related to the performance of his or her  
 20 responsibilities as an elected official shall not be considered a taking of  
 21 campaign funds as personal income.

22 (ii) The reimbursement of expenses shall be a result  
 23 of travel and the source of the reimbursement shall be authorized under the  
 24 rules of the House of Representatives or the Senate and used to reimburse the  
 25 ~~carryover~~ campaign account.

26 (iii) The reimbursement amount shall be reported in  
 27 the elected candidate's ~~carryover~~ campaign fund report.

28 (5) After the date of an election at which the person is a  
 29 candidate for nomination or election, the person shall not accept campaign  
 30 contributions for that election except for the sole purpose of raising funds  
 31 to retire campaign debt.

32 (6) Surplus campaign funds ~~or carryover funds~~ given to a  
 33 political party caucus shall be segregated in an account separated from other  
 34 caucus funds and shall not be used:

35 (A) By the political party caucus to make a campaign  
 36 contribution; or

1 (B) To provide any personal income to any candidate who  
2 donated surplus campaign funds ~~or carryover funds.~~

3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36