

# ARKANSAS ETHICS COMMISSION

Larry Ross  
Chairman

Stuart Vess  
Vice Chairman

Elaine Black  
Catherine Johnson  
Joe Ball  
Commissioners

910 West Second Street, Suite 100  
Post Office Box 1917  
Little Rock, Arkansas 72203-1917  
(501) 324-9600 Fax (501) 324-9606  
Toll Free (800) 422-7773

Graham F. Sloan  
Director

Rita S. Looney  
Chief Counsel

Robert L. Roddey  
Staff Attorney

Todd Elder  
Teresa Keathley  
Directors of Compliance



ADVISORY OPINION NO. 2008-EC-003

Issued March 19, 2008

The Arkansas Ethics Commission has received a written advisory opinion request from Hon. Dan Greenberg, State Representative-District 31. In his request, Representative Greenberg has inquired about the proper handling of funds raised to defray campaign debt arising from a previous election cycle. His specific question is as follows:

Assuming that the only debt from this prior campaign is personally owed to and held by myself, and assuming that I comply with all relevant reporting requirements; may I simply deposit the donations that are intended to reduce debt from a prior campaign into my own personal bank account?

Arkansas law requires that all campaign funds are to be maintained in an account separate from personal or business funds. See Ark. Code Ann. § 7-6-203(i). Moreover, Section 230 of the Rules on Campaign Finance and Disclosure specifically addresses the establishment of a separate account for debt retirement. Section 230(a) states:

Candidates and officeholders are permitted to raise funds to retire campaign debts from prior campaigns. Funds can be raised after a current campaign has ended or during a current campaign provided the notice requirements of § 229(g) of these rules are fulfilled. *If there is another ongoing campaign account, candidates or officeholders should ensure that a separate account is established for the purpose of retiring the prior campaign debts.* Surplus funds from a current campaign account, however, may be used to retire the debt, as explained in § 230(b) and (d) below, provided the candidate has ended the current campaign and the debt relates to personal loans to a prior campaign. (Emphasis supplied.)

Additionally, contributions received for the purpose of retiring a campaign debt “shall be treated as campaign contributions to the person’s previous campaign, and all campaign contribution limits shall continue to apply.” Ark. Code Ann. § 7-6-219(a)(2).

Based on the foregoing, it is clear that funds received for purposes of debt retirement are “campaign funds.” As such, it is the Commission’s opinion that funds received for the purpose of retiring a debt are required to be maintained in an account

separate from personal or business funds and separate from another ongoing campaign. The Commission also notes that expenses which are “reasonably and legitimately related to debt retirement” may be incurred, and a separate account would be necessary to pay the costs and administrative expenses of debt retirement.

Accordingly, it is the Commission’s opinion that a candidate may not simply deposit contributions to reduce debt into his or her own personal bank account.

This advisory opinion is issued by the Commission pursuant to Ark. Code Ann. § 7-6-217(g)(2) .

**ARKANSAS ETHICS COMMISSION**

By:

  
Rita S. Looney, Chief Counsel