

## **INSTRUCTIONS FOR COMPLETING THE CARRYOVER FUND REPORTING FORM**

**Section 1** – Provide the general information sought, including the name, address, and telephone number of the officeholder or candidate filing the report and the public office for which he or she sought election. In addition, the year of the election should be indicated at the top of the report. Also, if an amended report is being filed, the appropriate box at the top of the report should be checked. The law requires that the report be signed under penalty of perjury. The place for the notarized signature is at the bottom of the front page of the report.

**Section 2** – Check the box for the type of report. If the report is an annual report, provide the year. (NOTE: A person who retains carryover funds from a general election held in November or a runoff election held in November is not required to file an annual report for the year of the general election or runoff election from which carryover funds were retained.)

**Line 3** – This line, along with lines 4-7, contains SUMMARY information concerning the person's carryover funds during the reporting period and cumulatively for the year. Line 3 reflects the balance of carryover funds as of the beginning of the reporting period which should be the same as the ending balance of the previous report (found on line 6 of the last report).

**Line 4** – This line reflects the amount of interest, if any, earned by the carryover fund account. In the first column (“For Reporting Period”), list the amount of interest earned since the last report. In the second column (“Year to Date”), list the cumulative total of all interest earned during the calendar year.

**Line 5** – This line reflects the total amount reimbursed to the carryover account for the elected candidate’s own personal expenses for food, lodging, conference fees, or travel to attend a conference related to the performance of his or her responsibilities as an elected official. This figure can be found on line 9 and should be entered on line 5.

**Line 6** – This line reflects the total amount of carryover funds which have been expended. In the first column (“For Reporting Period”), list the amount of expenditures, itemized and nonitemized, made since the last report. This figure can be found on line 13 and should be entered on line 6. In the second column (“Year to Date”), list the total amount of all expenditures made during the calendar year, which should be calculated by adding the figure reported in the first column to the figure reported in the second column of the last report.

**Line 7** – This line should reflect the balance of carryover funds at the close of the reporting period. This figure can be calculated by adding the amounts on lines 3, 4 and 5 and subtracting from that total the figure entered on line 6.

**Section 8** – This section requires disclosure of each reimbursement of expenses paid by an elected candidate with carryover funds for his or her own personal expenses for food, lodging, conference fees, or travel to attend a conference related to the performance of his or her responsibilities as an elected official. For each such reimbursement, provide the name, location, and date(s) of the conference, the source of the reimbursement, the date of the reimbursement, and the amount of the reimbursement.

**Line 9** – This line should reflect the total of the reimbursements listed in section 8. This figure should be the same as the one entered on line 5 of the front page of the report.

**Section 10** – This section requires disclosure of each expenditure in excess of \$100 which has been made since the last report. For each expenditure over \$100, provide the name and address of the supplier or payee, the date of the expenditure, the amount of the expenditure, and a description of the expenditure.

**Line 11** – This line should reflect the total of the itemized expenditures listed in section 10.

**Line 12** – Disclose the total amount of expenditures of \$100 or less made since the last report. An expenditure of \$100 or less need not be itemized, but must be included in the total amount of expenditures made since the last report.

**Line 13** – This line reflects the sum of the amounts entered on lines 11 (“Itemized Expenditures”) and 12 (“Nonitemized Expenditures”). This figure should be the same as the one entered on line 6 on the front page of the report.

## FREQUENTLY ASKED QUESTIONS

### Question No. 1: *What are carryover funds?*

- A person who was a candidate and has campaign funds remaining from an election that has ended may retain as “carryover funds” an amount not exceeding the annual salary, excluding expense allowances, set by Arkansas law for the office sought. “Carryover funds” do not include campaign signs, campaign literature, and other printed 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.<sup>1</sup>
- The use of carryover funds is only available for those candidates or officeholders who ended their campaigns with funds remaining. Candidates or officeholders who end their campaigns either with no carryover or in debt may not use or raise

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<sup>1</sup> Ark. Code Ann. § 7-6-201(3).

campaign funds for travel associated with attending conferences or seminars on general political issues.<sup>2</sup>

### **Question No. 2: *Where are carryover funds kept?***

- If carryover funds are retained, a candidate must establish an office account, separate from any personal or other account. Any carryover funds transferred to this account shall be used only for future campaigns involving the candidate in a non-federal office and/or legitimate expenses in connection with the candidate's public office.<sup>3</sup>
- Carryover funds may be deposited in an interest-bearing account. At no time, however, may the total amount in the carryover account exceed the annual salary, excluding expense allowances, for the office sought or held.<sup>4</sup>

### **Question No. 3: *What are the permissible uses for carryover funds?***

- Generally, officeholders are free to expend carryover funds on any purpose designed to further their office as long as it is not for personal income or otherwise prohibited by law.<sup>5</sup>
- Legitimate office expenses include transportation incurred by the officeholder or a member of his or her staff incurred in the operation of the office.<sup>6</sup>
- Carryover funds may be used to purchase office supplies and/or equipment for use in the office or in future campaigns.<sup>7</sup>
- Carryover funds may be used to reimburse the officeholder or his or her staff for meals or lodging in connection with the operation of the office or future campaigns.<sup>8</sup>
- Carryover funds may be used to purchase invitations or notices to political events, as well as to purchase gifts or commemorative items for staff members or their families in times of sickness or death, or family emergency.<sup>9</sup>
- Carryover funds may be used to offset any reasonable and legitimate office expense which is otherwise not reimbursable from public funding.<sup>10</sup>

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<sup>2</sup> § 215(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>3</sup> § 227(b) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>4</sup> § 227(d) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>5</sup> § 223(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>6</sup> § 227(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>7</sup> § 227(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>8</sup> § 227(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>9</sup> § 227(c) of the Commission's Rules on Campaign Finance & Disclosure.

- Officeholders may use carryover funds to purchase advertisements in publications of charitable, civic and educational organizations.<sup>11</sup>
- Carryover funds may be used to buy items such as ads in school yearbooks as these purchases serve to increase public visibility for the officeholders.<sup>12</sup>
- Carryover funds may be used to purchase items given as awards in recognition of accomplishments where they are presented by a current officeholder in person. Such items include the purchase of American and State flags flown at the State Capitol and given to schools in subsequent ceremonies.<sup>13</sup>
- Officeholders may use carryover funds to purchase tickets from charities, civic organizations and political parties for banquets or other similar special social events. The presence of officeholders increases the public visibility of officeholders and, for that reason, officeholders who purchase tickets should make all reasonable efforts to attend the banquet. Officeholders may use carryover funds to purchase a ticket for a spouse but carryover funds should not be used to purchase tickets for State Capitol staff, current staff or former campaign workers.<sup>14</sup>
- Officeholders may use carryover funds for lease, rental or use charges of any ordinary and necessary office equipment such as copy machines, telephones, postage meters, facsimile machines, computer hardware and software, printers and video equipment for use in the office or in future campaigns.<sup>15</sup>
- Carryover funds may be used by an officeholder to pay for an inaugural event.<sup>16</sup>
- Examples of other miscellaneous expenses on which officeholders may lawfully expend carryover funds include, but are not limited to:
  - (a) Flowers, sympathy gifts or other nominal memorial items to a constituent's funeral or family;
  - (b) Hiring public halls and music for political meetings, furnishing music, uniforms, banners or fireworks for political clubs or parades or like events and for related advertising of same;
  - (c) Printing and circulating political communications, sample ballots or ballot labels; and

<sup>10</sup> § 227(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>11</sup> § 220(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>12</sup> § 220(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>13</sup> § 220(b) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>14</sup> § 221(b) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>15</sup> § 222(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>16</sup> Advisory Opinion No. 98-EC-020.

- (d) Sponsorship of a sports team.<sup>17</sup>
- A person with carryover funds may, at any time, dispose of such funds in the same manner as surplus campaign funds.<sup>18</sup> In that regard, Ark. Code Ann. § 7-6-203(g)(1) provides that surplus funds may be turned over to either:
    - (a) The Treasurer of State for the benefit of the General Revenue Fund Account of the State Apportionment Fund;
    - (b) A political party as defined in Ark. Code Ann. § 7-1-101 or a political party caucus of the General Assembly, the Senate, or the House of Representatives;
    - (c) A nonprofit organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
    - (d) Cities of the first class, cities of the second class, or incorporated towns; or
    - (e) The contributors to the candidate's campaign.

**Question No. 4: *What are the prohibited uses of carryover funds?***

- A candidate may not take carryover funds as personal income or as income for his or her spouse or dependent children.<sup>19</sup>
- Carryover funds may not be used to reimburse campaign workers, staff or spouses of either the candidate or the workers for attendance at conferences or seminars. Officeholders are permitted to use carryover funds to reimburse only themselves for travel associated with attending conferences or seminars on general political issues.<sup>20</sup>
- Carryover funds may not be used to purchase tickets for State Capitol staff, current staff or former campaign workers to attend banquets or social events held by charities, civic organizations or political parties.<sup>21</sup>

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<sup>17</sup> § 223(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>18</sup> § 227(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>19</sup> Ark. Code Ann. § 7-6-203(g)(4)(A).

<sup>20</sup> § 215(a) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>21</sup> § 221(b) of the Commission's Rules on Campaign Finance & Disclosure.

**Question No. 5: *How long may carryover funds be retained?***

- Carryover funds may be retained by a person for not more than ten (10) years after the last election at which he or she was a candidate or, if applicable, not more than ten (10) years after the last day that the person held office, and any remaining carryover funds shall be disposed of in the same manner as for surplus campaign funds.<sup>22</sup>
- When a person having carryover funds from an election held after July 1, 1997, files as a candidate for public office, his or her carryover funds shall be transferred to the person's active campaign fund. Once transferred, the funds will no longer be treated as carryover funds.<sup>23</sup>

**Question No. 6: *What are the record keeping and reporting requirements concerning carryover funds?***

- If a candidate ends a campaign with carryover funds, he or she must maintain records of such carryover fund for no less than ten (10) years or until such time as the funds are expended completely or disposed of, whichever occurs first.<sup>24</sup>
- A person shall file an expenditure report concerning carryover funds if since the last report concerning the carryover funds, the person has expended in excess of five hundred dollars (\$500). The report shall be filed at the office in which the candidate was required to file his or her campaign contribution and expenditure reports for the previous campaign not later than fifteen (15) days after a calendar quarter in which a report becomes required. No report is required in any calendar quarter in which the cumulative expenditure limit has not been exceeded since the person's last report.<sup>25</sup>
- A person who retains carryover funds is required to file an annual report outlining the status of the carryover fund account as of December 31<sup>st</sup> unless the person has made a quarterly report during the calendar year pursuant to Ark. Code Ann. § 7-6-203(h)(4)(C)(i) and (ii). The annual report for a particular year shall be due by January 31<sup>st</sup> of the following year. A person who retains carryover funds from a general election held in November or a runoff election held in November is not required to file an annual report for the year of the general election or runoff election from which carryover funds were retained.<sup>26</sup> The carryover fund reports of a person who ran for school district, township, municipal, or county office must be filed with the **county clerk** of the county in which the election was held.<sup>27</sup> The

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<sup>22</sup> Ark. Code Ann. § 7-6-203(g)(4)(D).

<sup>23</sup> Ark. Code Ann. § 7-6-203(g)(4)(B).

<sup>24</sup> § 233(c) of the Commission's Rules on Campaign Finance & Disclosure.

<sup>25</sup> Ark. Code Ann. § 7-6-203(g)(4)(C)(i).

<sup>26</sup> Ark. Code Ann. § 7-6-203(g)(4)(C)(iii).

<sup>27</sup> Ark. Code Ann. § 7-6-203(g)(4)(C)(iv).

carryover fund reports of a candidate for state or district office must be filed with the **Secretary of State**.<sup>28</sup>

- A person shall also file an expenditure report for the calendar quarter in which he or she transfers the carryover funds to an active campaign fund.<sup>29</sup>
- There is a separate carryover fund reporting form.<sup>30</sup>

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<sup>28</sup> Ark. Code Ann. § 7-6-203(g)(4)(C)(v).

<sup>29</sup> Ark. Code Ann. § 7-6-203(g)(4)(C)(ii).

<sup>30</sup> § 228 of the Commission's Rules on Campaign Finance & Disclosure.