

ARKANSAS ETHICS COMMISSION

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ADVISORY OPINION NO. 99-EC-009 **Issued July 30, 1999**

ISSUE:

Whether group discounts available through the "DNC Campaign Store" would constitute campaign contributions if made available to state and local candidates?

BRIEF ANSWER:

No. There would not be a contribution unless goods or services were provided at a charge which is less than the fair market value.

FACTS PRESENTED:

It is the Commission's understanding that the Democratic National Committee has recently opened the "DNC Campaign Store." According to the opinion request, this entity negotiates discounts with national merchants (Xerox, AT&T, Office Depot, etc.) and allows store members to take advantage of the discounts. The opinion request states that the discounts are in the nature of group discounts, leaving the goods and services well within the realm of fair market value.

DISCUSSION:

As recognized in § 205 of the Commission's Rules on Campaign Finance & Disclosure,

[a] party makes an 'in-kind contribution' whenever, in conjunction with the nomination or election of a specific candidate, a person purchases, sells or leases an item, or provides a service, to or on behalf of the candidate, without charge or for a charge which is less than the fair market value of the item or service provided.

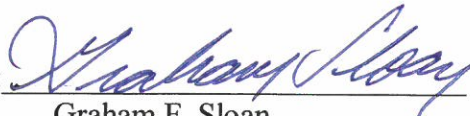
The term "fair market value" is defined in § 200(h) of the Commission's Rules on Campaign Finance & Disclosure to mean "the price the good or service would bring

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between a willing seller and a willing buyer in the open market after negotiations.”
Based upon the facts presented, the Commission concludes that allowing state and local candidates to take advantage of group discounts negotiated by the “DNC Campaign Store” with national merchants would not constitute campaign contributions.

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

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By: 
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