

ARKANSAS ETHICS COMMISSION

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ADVISORY OPINION NO. 99-EC-019 **Issued November 19, 1999**

The Arkansas Ethics Commission has been asked whether it is permissible for a political action committee ("PAC") to make a contribution to another PAC. Briefly stated, the answer is no.

Under current law, there are two (2) types of registered PACs. The first is an approved PAC and the second is a small donor PAC. Both are statutorily defined terms.

The term "approved political action committee" is defined in Ark. Code Ann. § 7-6-201(9) as any person who:

- (A) Receives contributions from one (1) or more persons in order to make contributions to candidates;
- (B) Does not accept any contribution or cumulative contributions in excess of five thousand dollars (\$5,000.00) from any person in any calendar year; and
- (C) Has been registered pursuant to § 7-6-215 for at least four (4) continuous months prior to making contributions to candidates.

The term "small donor political action committee" is defined in Ark. Code Ann. § 7-6-201(12) to mean any person who:

- (A) Receives contributions from one (1) or more individuals in order to make contributions to candidates;
- (B) Does not accept any contribution or cumulative contributions in excess of twenty-five dollars (\$25.00) from any individual in any calendar year; and
- (C) Is registered pursuant to § 7-6-215 prior to making contributions to candidates.

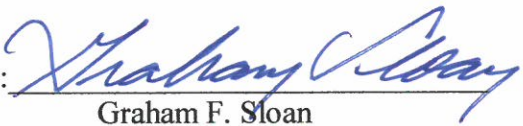
Based upon the foregoing definitions, the Commission concludes that the purpose of each type of PAC is to receive contributions in order to make contributions to candidates. Neither type of PAC is statutorily authorized to use the contributions it has received for any purpose other than making contributions to candidates.

In Advisory Opinion No. 98-EC-019, the Commission recognized that PACs incur administrative expenses for items such as office space, phones, legal and accounting fees to comply with reporting requirements, utilities, and supplies. The Commission went on to state that it had concluded that it was permissible for a PAC to pay such expenses out of the contributions it has received.¹

It would be a different matter to conclude that a PAC may use contributions it has received for purposes beyond making contributions to candidates and paying reasonable administrative expenses. Based upon the absence of any statutory authority, the Commission concludes that it is not permissible for a PAC to use the contributions it has received to make a contribution to another PAC.

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

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By: 
Graham F. Sloan
Chief Counsel

¹ The PAC Quarterly Reporting Form approved by the Commission on October 22, 1999, includes a line for administrative expenses incurred by a PAC.