

ARKANSAS ETHICS COMMISSION

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

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ADVISORY OPINION NO. 2002-EC-001 Issued February 15, 2002

The Arkansas Ethics Commission is issuing this advisory opinion on its own initiative in response to a number of inquiries concerning the valuation of skybox tickets to Razorback football games in Fayetteville during the 2001 season. The valuation of skybox tickets is addressed in § 310(d) of the Commission's Rules on Gifts, which provides as follows:

Tickets to sporting events and shows are valued at their face price except for tickets that the donor obtains pursuant to a lease (such as tickets to an "executive suite" or a "skybox"). The value of a ticket obtained pursuant to a lease shall be the price of the highest individually priced ticket for the event. The fair market value of benefits accepted by the public servant from the donor in connection with the event, including food and beverages, must be added to the value of a ticket to determine the overall value of the gift.

Prior to the 2001 football season, the highest individually priced ticket to Razorback football games in Fayetteville was \$25. Accordingly, skybox tickets were valued at \$25. The stadium was renovated this past year and new, higher priced ticket categories were added. The highest individually priced ticket for the 2001 season was \$150. A portion of that ticket price was designated as a charitable donation to the University of Arkansas Athletic Department and, using an IRS formula, a person who purchased a ticket for \$150 would be able to claim \$92 as a charitable contribution.

Both Ark. Code Ann. § 21-8-406 and § 310(f) of the Commission's Rules on Gifts provide that "the value of a ticket to a charitable event shall not include the tax deductible portion of the ticket." However, neither the statutes nor the Commission's rules contain a definition of the term "charitable event."¹ Upon consideration of the matter, the Commission has concluded that a Razorback football game does not constitute a charitable event and that this exception does not apply. Therefore, it is the Commission's opinion that the value of a skybox ticket for the 2001 football season was \$150, the price of the highest individually priced ticket.

¹ The Commission's staff further researched the term "charitable event" and found it is likewise not defined in the Internal Revenue Code.

The Commission recognizes that prior to the new ticket pricing schedule going into effect at the University of Arkansas at Fayetteville, skybox tickets had been valued at \$25. That value differs greatly from the value for the 2001 season. Accordingly, the valuation set forth herein will be given prospective application only.

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

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BY: Melissa Dorn Bratton
Melissa Dorn Bratton
Staff Attorney