

# **RULES ON LOCAL-OPTION BALLOT QUESTION COMMITTEES CODE OF ARKANSAS RULES**

**Title 3. Alcoholic Beverages  
Chapter III. Arkansas Ethics Commission  
Subchapter A. Generally  
Part 20. Rules on Local-Option Ballot Question Committees**



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**Title 3. Alcoholic Beverages**

**Chapter III. Arkansas Ethics Commission**

**Subchapter A. Generally**

**Part 20. Rules on Local-Option Ballot Question Committees**

**Subpart 1. Generally**

**3 CAR § 20-101. Definitions.**

As used in this part:

(1)(A) "Approved political action committee" means any person who:

(i) Receives contributions from one (1) or more persons in order to make contributions to:

- (a) Candidates;
- (b) Campaign committees;
- (c) Ballot question committees;
- (d) Legislative question committees;
- (e) Political parties;
- (f) County political party committees; or
- (g) Other political action committees;

(ii) Does not accept any contribution or cumulative contributions in excess of ten thousand dollars (\$10,000) from any person in any calendar year; and

(iii) Registers pursuant to Arkansas Code § 7-6-215 prior to making contributions.

(B) An approved political action committee shall not include:

- (i) An organized political party as defined in Arkansas Code § 7-1-101;
- (ii) A county political party committee;
- (iii) The candidate's own campaign committee;
- (iv) An exploratory committee; or
- (v) A ballot question committee or legislative question committee;

(2)(A) "Contribution" means, whether direct or indirect, advances, deposits, transfers of funds, contracts, or obligations, whether or not legally enforceable, payments, gifts, subscriptions, assessments, payments for services, dues, advancements, forbearance, loans, pledges or promises of money or anything of value, whether or not legally enforceable, to a person receiving same for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question.

(B) "Contribution" includes the purchase of tickets for events, such as dinners, luncheons, rallies, and similar fundraising events, and the granting of discounts or rebates by television and radio stations and newspapers, not extended on an equal basis to all persons for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question.

(C) "Contribution" shall not include:

(i) Noncompensated, nonreimbursed volunteer personal services or travel;

(ii) Activities designed solely to encourage individuals to vote or to register to vote; or

(iii) Any communication by a bona fide church or religious denomination to its own members or adherents for the sole purpose of protecting the right to practice the religious tenets of the church or religious denomination;

(3) "Disqualification of a local-option ballot question" means any action or process, legal or otherwise, which seeks to prevent a local-option ballot question from being on the ballot at an election;

(4) "Elected official" means any person holding an elective office of any governmental body, whether elected or appointed to the office;

(5)(A) "Expenditure" means a purchase, payment, distribution, gift, loan, or advance of money or anything of value, and a contract, promise, or agreement to make an expenditure, for goods, services, materials, or facilities for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question.

(B) "Expenditure" does not include an expenditure made for communication by a person strictly with the person's paid members or shareholders;

(6) "Governmental body" means any office, department, commission, council, board, committee, legislative body, agency, or other establishment of the executive, judicial, or legislative branch of the state, municipality, county, school district, improvement district, or any political district or subdivision thereof;

(7)(A) "In-kind contribution" means a contribution of goods, services, or any other thing of value, or its use, other than money and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make such a contribution in the future.

(B) A person makes an "in-kind contribution" whenever, in conjunction with the qualification, disqualification, passage, or defeat of a ballot question or the passage or defeat of a legislative question, such person purchases, sells, or leases an item, or provides a service to or on behalf of a ballot or legislative question committee without charge or for a charge which is less than the fair market value of the item or service provided.

(C) The difference between the fair market value and the charge shall be the value of the in-kind contribution;

(8) "Local-option ballot question" means a question in the form of a local-option initiative which is submitted or intended to be submitted to a popular vote at an election, whether or not it qualifies for the ballot;

(9)(A) "Local-option ballot question committee" means any person, located within or outside Arkansas, who receives contributions for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of any local-option ballot question, or any person, other than an elected official expending public funds, or an individual, located within or outside Arkansas, who makes expenditures for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of any local-option ballot question.

(B) A person other than an individual or an approved political action committee as defined in 3 CAR § 20-101(1), located within or outside Arkansas, also

qualifies as a local-option ballot question committee if two percent (2%) or more of the committee's annual revenues, operating expenses, or funds are used to make a contribution or contributions to another ballot question committee and if the contribution or contributions exceed ten thousand dollars (\$10,000) in value;

(10)(A) "Person" means any:

- (i) Individual;
- (ii) Business;
- (iii) Proprietorship;
- (iv) Firm;
- (v) Partnership;
- (vi) Joint venture;
- (vii) Syndicate;
- (viii) Business trust;
- (ix) Labor organization;
- (x) Company;
- (xi) Corporation;
- (xii) Association;
- (xiii) Committee; or
- (xiv) Other organization or group of persons acting in concert.

(B) "Person" includes a public servant or governmental body using public funds to expressly advocate the qualification, disqualification, passage, or defeat of any local-option ballot question;

(11)(A) "Political party" means any group of voters which:

- (i) At the last preceding general election, polled for its candidate for Governor in the state or nominees for presidential electors at least three percent (3%) of the entire vote cast for the office; or
- (ii) Has filed a petition with the Secretary of State containing at the time of filing the signatures of at least ten thousand (10,000) registered voters in the State of Arkansas, declaring the intention of organizing a political party, the name of

which shall be stated in the declaration, and of participating in the next general election, and which has been declared a new political party by the Secretary of State.

(B) When any political party fails to obtain three percent (3%) of the total votes cast at an election for the office of Governor or nominees for presidential electors, it shall cease to be a political party;

(12)(A) "Prohibited political action committee" means any person who receives contributions from one (1) or more persons in order to make contributions to candidates, ballot question committees, legislative question committees, political parties, county political party committees, or other political action committees but who does not meet the requirements of an approved political action committee.

(B) A prohibited political action committee shall not include:

(i) A political party:

(a) As defined in Arkansas Code § 7-1-101; or

(b) That meets the requirements of Arkansas Code § 7-7-205;

(ii) The candidate's own campaign committee;

(iii) A county political party committee;

(iv) An exploratory committee; or

(v) A ballot or legislative question committee;

(13)(A) "Public appointee" means an individual who is appointed to a governmental body.

(B) It does not include an individual appointed to an elective office;

(14)(A) "Public employee" means an individual who is employed by a governmental body or who is appointed to serve a governmental body.

(B) It does not include public officials or public appointees;

(15)(A) "Public official" means a legislator or any other person holding an elective office of any governmental body, whether elected or appointed to the office, and shall include such persons during the time period between the date they were elected and the date they took office.

(B) "Public official" includes without limitation a member of a school district board of directors;

(16) "Public servant" means all:

- (A) Public officials;
- (B) Public employees; and
- (C) Public appointees; and

(17) "Qualification of a local-option ballot question" means any action or process, legal or otherwise, through which a local-option ballot question obtains certification to be on the ballot at an election.

**3 CAR § 20-102. Contributions and expenditures — Limits.**

(a) No local-option ballot question committee shall accept any contribution in cash, meaning currency or coin, which exceeds one hundred dollars (\$100).

(b) No local-option ballot question committee shall accept any contribution from a prohibited political action committee as defined in 3 CAR § 20-101(12).

(c) No local-option ballot question committee or individual shall make an expenditure in cash which exceeds fifty dollars (\$50.00) in conjunction with expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question.

(d) No contributions shall be made, directly or indirectly, by any person in a name other than the name by which the person is identified for legal purposes.

(e)(1) No person shall make an anonymous contribution totaling fifty dollars (\$50.00) or more to a local-option ballot question committee.

(2) Any such anonymous contribution actually received by any local-option ballot question committee shall be promptly paid by the recipient to the Secretary of State for deposit in the State Treasury as general revenues.

**3 CAR § 20-103. Contributions — Date received.**

A contribution to a local-option ballot question committee shall be deemed to have been received or accepted when it has been delivered to a committee and not returned to the contributor within five (5) business days.

**3 CAR § 20-104. In-kind contributions — Reporting and value.**

(a) In addition to monetary contributions, committees are required to report the receipt of any in-kind contributions, as defined in 3 CAR § 20-101(7).

(b)(1) For reporting purposes, the value of an in-kind contribution shall be its fair market value if it had been purchased, sold, or leased in the ordinary course of business.

(2) An in-kind contribution constitutes a contribution.

(3) Those transactions which are specifically excluded from the definition of "contribution" are likewise excluded from the definition of "in-kind contribution".

(c)(1) A person making an in-kind contribution shall place the value on such contribution when given.

(2) The committee may question the value set by the donor if it appears unreasonable and shall revalue the in-kind contribution to a reasonable value.

(3) The value of an in-kind contribution is a factual determination which shall be made by the Arkansas Ethics Commission.

(d) The costs associated with any news story, commentary, or editorial distributed in the ordinary course of business by a broadcasting station, newspaper, or other periodical publication do not constitute an in-kind contribution.

**3 CAR § 20-105. Volunteer services — Exception to in-kind contribution.**

(a)(1) In addition to the other exceptions noted in this part, the value of volunteer services provided without compensation do not constitute an in-kind contribution.

(2)(A) Accordingly, an individual may volunteer any personal service provided he or she is not compensated for the service by any other individual or person.

(B) This applies both to:

(i) Manual tasks, i.e., stuffing envelopes, answering telephones, etc.; and

(ii) Specialized services, i.e., services provided by musicians, accountants, etc.

(3) Whether a contribution has occurred depends upon whether the work performed is considered "volunteer services".

(4)(A) Whether time is spent on a volunteer basis depends upon whether the services are rendered during time that is the individual's own time to spend as he or she sees fit.

(B) If services are rendered after working hours, they will typically be viewed as exempted volunteer services.

(b)(1) In accordance with subsection (a) of this section, certain professional services, such as legal and accounting services, which typically have fees associated with them, may be provided to a committee on a volunteer basis, provided the need for the services arises from the committee.

(2) For example, accounting or bookkeeping services involved with handling the committee's contributions and expenditures may be provided to a committee on a volunteer basis and will not count as an in-kind contribution even if no fees are charged.

### **3 CAR § 20-106. Expenditures — Date made.**

(a) The date of an expenditure is the date the amount is readily ascertainable by the person making the expenditure, except as provided in subsection (b) of this section.

(b)(1) If, under normal business practices, the amount of an expenditure is not known or readily ascertainable until receipt of a periodic bill, the date of the expenditure is the date the bill is received.

(2) Examples of expenditures to which this subsection is applicable are expenditures for utilities and telephone bills.

(c) An expenditure by credit card or in other ways charged to an account must be included in the report for the period during which the charge was made, not in the report for the period during which the statement from the credit card company or charge account was received.

### **3 CAR § 20-107. Statement of organization.**

(a)(1)(A) A local-option ballot question committee shall file a Local-Option Ballot Question Committee Statement of Organization with the Arkansas Ethics Commission within five (5) days of receiving contributions or making expenditures in excess of five hundred dollars (\$500) for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question.

(B) The commission shall maintain the statement of organization until notified of the committee's dissolution.

(2) A local-option ballot question committee failing to file a statement of organization required by this section shall be subject to a late filing fee not exceeding fifty dollars (\$50.00) for each day the statement remains not filed.

(b) The statement of organization for a local-option ballot question committee as defined in 3 CAR § 20-101(9)(A) shall include the following information:

(1)(A) The name, street address, and where available, the telephone number of the committee.

(B) A committee address and telephone number may be that of the residence of an officer or director of the committee;

(2) The name, street address, and where available, the telephone number of the treasurer and other principal officers and directors of the committee;

(3) The name and address of each financial institution in which the committee deposits money or anything else of monetary value;

(4)(A) The name of each person who is a member of the committee.

(B) A person that is not an individual may be listed by its name without also listing its own members, if any; and

(5) A brief statement identifying:

(A) The substance of each:

(i) Local-option ballot question, the qualification, disqualification, passage, or defeat of which the committee seeks to influence; or

(ii) Legislative question, the passage or defeat of which the committee seeks to influence; and

(B) If known, the date each local-option ballot or legislative question shall be presented to a popular vote at an election.

(c) The statement of organization for a local-option ballot question committee as defined in 3 CAR § 20-101(9)(B) shall include the following information:

(1)(A) The name, the street address, and if available, the telephone number of the committee.

(B) A committee's address and telephone number may be that of the residence of an officer or a director of the committee;

(2) The name, street address, and where available, the telephone number of the treasurer and the other principal officers and directors of the committee;

(3) The name and address of each financial institution in which the committee deposits money or anything else of monetary value;

(4)(A) The name of each person who is a member of the committee.

(B) A person that is not an individual may be listed by its name without also listing its own members, if any; and

(5) A brief statement identifying:

(A) The substance of each ballot question, the qualification, disqualification, passage, or defeat of which the committee seeks to influence; and

(B) If known, the date each ballot or legislative question shall be presented to a popular vote at an election.

### **3 CAR § 20-108. Filing of financial reports.**

(a) A local-option ballot question committee which either receives contributions or makes expenditures in excess of five hundred dollars (\$500) for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question shall file with the Arkansas Ethics Commission financial reports as required by 3 CAR §§ 20-109 – 20-111.

(b) An individual person who on his or her own behalf expends in excess of five hundred dollars (\$500), excluding contributions, for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question

shall file with the commission financial reports as required by 3 CAR §§ 20-109 – 20-111.

(c) An elected official expending public funds in excess of five hundred dollars (\$500) for the purpose of expressly advocating the qualification, disqualification, passage, or defeat of a local-option ballot question shall file with the commission financial reports as required by 3 CAR §§ 20-109 – 20-111.

(d) Except as provided in subsection (f) of this section, any report required by these rules shall be deemed timely filed if it is:

(1) Hand delivered to the commission on or before the date due;

(2) Mailed to the commission, properly addressed, postage prepaid, bearing a postmark indicating that it was received by the post office or common carrier on or before the date due;

(3) Received via facsimile by the commission on or before the date due, provided that the original is received by the commission within ten (10) days of the transmission; or

(4) Received by the commission in a readable electronic format which is approved by the commission.

(e) Whenever a report under these rules becomes due on a day which is a Saturday, Sunday, or legal holiday, the report shall be due the next day which is not a Saturday, Sunday, or legal holiday.

(f) A preelection report is timely filed if it is received by the commission no later than seven (7) days prior to the election for which it is filed.

### **3 CAR § 20-109. Contents of financial reports.**

A financial report of a local-option ballot question committee, individual person, or elected official as required by 3 CAR § 20-108, shall contain the following information:

(1) The name, address, and telephone number of the local-option ballot question committee, individual person, or elected official filing the report;

(2) For a local-option ballot question committee as defined in 3 CAR § 20-101(9)(A):

- (A) The total amount of contributions received during the period covered by the financial report;
- (B) The total amount of expenditures made by the committee or on behalf of the committee by an advertising agency, public relations firm, or political consultant during the period covered by the financial report;
- (C) The cumulative amount of contributions and expenditures reported under subdivisions (2)(A) and (B) of this section for each local-option ballot question;
- (D) The balance of cash and cash equivalents on hand at the beginning and the end of the period covered by the financial report;
- (E) The total amount of contributions received during the period covered by the financial report from persons who contributed less than fifty dollars (\$50.00) and the cumulative amount of that total for each local-option ballot question;
- (F) The total amount of contributions received during the period covered by the financial report from persons who contributed fifty dollars (\$50.00) or more and the cumulative amount of that total for each local-option ballot question;
- (G) The name and street address of each person who contributed fifty dollars (\$50.00) or more during the period covered by the financial report, together with the amount contributed, the date of receipt, and the cumulative amount contributed by that person for each local-option ballot question;
- (H) For each person listed under subdivision (2)(G) of this section, the contributor's principal place of business, employer, occupation, the amount contributed, the date the contribution was accepted by the committee, and the cumulative amount contributed for each local-option ballot question;
- (I) The name and address of each person who contributed a nonmoney item, together with a description of the item, the date of receipt, and the value, not including volunteer service by individuals;
- (J) A list of all expenditures by category, including without limitation the following:
  - (i) Advertising;
  - (ii) Direct mail;

(iii) Office supplies;

(iv) Travel;

(v) Expenses; and

(vi) Telephone;

(K) The total amount of nonitemized expenditures made during the period covered by the financial report; and

(L) The name and street address of each person to whom expenditures totaling one hundred dollars (\$100) or more were made by the committee or on behalf of the committee by an advertising agency, public relations firm, or political consultant, together with the date and amount of each separate expenditure to each person during the period covered by the financial report and the purpose for each expenditure;

(3) For a local-option ballot question committee as defined in 3 CAR § 20-101(9)(B):

(A) The total amount of contributions made by the committee to another ballot or legislative question committee reported during the period covered by the financial report; and

(B) The cumulative amount of contributions under subdivision (3)(A) of this section;

(4) For an individual person:

(A) The total amount of expenditures made by the individual person or on behalf of the individual person by an advertising agency, public relations firm, or political consultant during the period covered by the financial report;

(B) The cumulative amount of expenditures for each local-option ballot question; and

(C) The name and street address of each person to whom expenditures totaling one hundred dollars (\$100) or more were made by the individual person or on behalf of the individual person by an advertising agency, public relations firm, or political consultant, together with the date and amount of each separate expenditure to each person during the period covered by the financial report and the purpose for each expenditure; and

(5) For an elected official using public funds:

(A) The total amount of expenditures made by the elected official using public funds or on behalf of the elected official using public funds by an advertising agency, public relations firm, or political consultant during the period covered by the financial report;

(B) The cumulative amount of expenditures for each local-option ballot question; and

(C) The name and street address of each person to whom expenditures totaling one hundred dollars (\$100) or more were made by the elected official using public funds or on behalf of the elected official using public funds by an advertising agency, public relations firm, or political consultant, together with the date and amount of each separate expenditure to each person during the period covered by the financial report and the purpose for each expenditure.

### **3 CAR § 20-110. Verification of financial reports.**

(a) All financial reports filed by local-option ballot question committees or by public servants or governmental bodies spending public funds shall be verified by affidavit.

(b) This affidavit shall state that, to the best of the filer's knowledge and belief, the information so disclosed is a complete, true, and accurate financial statement of contributions and expenditures.

### **3 CAR § 20-111. Time to file financial reports — Late fee.**

(a)(1)(A) The first financial reports shall be filed:

(i) No later than fifteen (15) days following the month in which the five hundred dollar (\$500) threshold of 3 CAR § 20-108 is met; and

(ii) Thereafter no later than fifteen (15) days after the end of each month until the election is held.

(B) Provided, however, for any month in which certain days of that month are included in a preelection financial report required under subdivision (a)(2) of this

section, no monthly report for that month shall be due, but those days of that month shall be carried forward and included in the final financial report.

(2) Additionally, a preelection financial report shall be filed no fewer than seven (7) days prior to any election on the local-option ballot question, such statement to have a closing date of ten (10) days prior to the election.

(3) Furthermore, a final financial report shall be filed no later than thirty (30) days after the election.

(b) A local-option ballot question committee, individual person, or elected official who files a late financial report shall be subject to a late filing fee not exceeding fifty dollars (\$50.00) for each day the report remains unfiled.

### **3 CAR § 20-112. Dissolution and disposition of funds.**

(a) Upon dissolution, a local-option ballot question committee shall so notify the Arkansas Ethics Commission in writing.

(b) Any remaining funds on hand at the time of dissolution shall be turned over to either:

(1) The Treasurer of State for the benefit of the General Revenue Fund Account of the State Apportionment Fund;

(2) An organized political party as defined in Arkansas Code § 7-1-101 or a political party caucus of the General Assembly, the Senate, or House of Representatives;

(3) A nonprofit organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;

(4) Cities of the first class, cities of the second class, or incorporated towns; or

(5) The contributors to the local-option ballot question committee.

### **3 CAR § 20-113. Inspection of reports and retention of records.**

(a) All statements of organization and financial reports required by these rules shall be open to public inspection at the office of the Arkansas Ethics Commission during regular office hours.

(b) All records supporting the reports filed under these rules shall be:

- (1) Made available to the commission; and
- (2) Retained by the filer for a period of four (4) years after the date of filing the report.

**3 CAR § 20-114. Reporting the use of state funds to oppose or support a local-option ballot measure.**

(a) Any funds appropriated to any state agency, board, or commission that are expended, as prescribed in 3 CAR § 20-115, for the purpose of opposing or supporting any local-option ballot question which is submitted or intended to be submitted to a popular vote at an election, whether or not it qualifies for the ballot, shall be reported to the Legislative Council if the amount exceeds one hundred dollars (\$100).

(b) This reporting requirement is in addition to those set forth in 3 CAR § 20-108(c).

**3 CAR § 20-115. Use of state funds to oppose or support a local-option ballot measure.**

The use of state funds under 3 CAR § 20-114 includes expenditures for:

- (1) Newspaper, television, radio, and other forms of communication;
- (2) Publication materials;
- (3) Travel expenses relative to reimbursement;
- (4) Surveys;
- (5) Private contracts; and
- (6) Postage.

**3 CAR § 20-116. Applicability of 3 CAR §§ 20-114 and 20-115.**

Sections 114 and 115 of this part do not apply to state funds appropriated to any elected officials.

**3 CAR § 20-117. Prohibition against public servants circulating an initiative or referendum petition.**

It shall be unlawful for any public servant, as defined in 3 CAR § 20-101(16), to circulate an initiative or referendum petition or to solicit signatures on an initiative or referendum petition:

- (1) In any public office of the state, county, or municipal governments of Arkansas; or
- (2) During the usual office hours or while on duty for any state agency or any county or municipal government in Arkansas.

**3 CAR § 20-118. Scope.**

Nothing in these rules is intended to limit, waive, or abrogate the scope of any statutory or common law privilege, including, but not limited to:

- (1) The work product doctrine; and
- (2) Attorney-client privilege.

**3 CAR § 20-119. Criminal penalties.**

Upon conviction, any person who knowingly fails to comply with any provision of Arkansas Code §§ 3-8-701 – 3-8-714, shall:

- (1) Be fined an amount not to exceed one thousand dollars (\$1,000);
- (2) Be imprisoned for not more than one (1) year; or
- (3) Both.