

Advisory Opinion

IECDB AO 2000-16

August 17, 2000

TO ALL INTERESTED PERSONS:

Pursuant to Iowa Code section 68B.32A(11), the Iowa Ethics and Campaign Disclosure Board takes the opportunity to issue its opinion on the issue of a candidate charging interest on a loan made from the candidate to his or her own candidate's committee. We note at the outset that the Board's jurisdiction is limited to the application of Iowa Code chapters 56 and 68B and rules in Iowa Administrative Code chapter 351. Whether some other statutory system, common law theory or agency rule applies to this issue is not covered by this opinion.

OPINION:

Iowa Code section 56.41 in pertinent part states:

"1. A candidate and the candidate's committee shall use campaign funds only for campaign purposes, educational and other expenses associated with the duties of office, or constituency services, and shall not use campaign funds for personal expenses or personal benefit."

It is our opinion that when a candidate charges interest on a loan made from the candidate to his or her own candidate's committee, any interest charged above five (5) percent of the principal would be a "personal benefit" to the candidate. Therefore, so long as the candidate did not charge the committee interest above that amount, the interest payment would not be a "personal benefit" to the candidate.

In closing, we note that rule 351 IAC 4.50(2) requires repayment of loans and debts on a monthly basis with interest. We suggest all committees review the requirements of that rule.

BY DIRECTION AND VOTE OF THE BOARD

Bernard McKinley, Board Chair
1st Vice-Chair Geraldine Leinen
2nd Vice-Chair James Albert
Gwen Boeke
Mark McCormick
Phyllis Peters

-Submitted by W. Charles Smithson, Board Legal Counsel