

ADVISORY OPINION NO. 2000-EC-005
Issued May 19, 2000

The Ethics Commission has received an advisory opinion request from the University of Arkansas concerning the sale of season football tickets. The opinion request states that, for a number of years, the University has offered two complimentary season football tickets to certain public servants but that the practice is being discontinued in light of the Rules on Gifts which were recently approved by the Commission.

The question asked is whether it would be considered a gift for the University to sell season tickets to legislators, constitutional officers, and members of the Arkansas Higher Education Coordinating Board. It is the Commission's understanding that the tickets will be sold at face value,^[1] with seating assignments between the forty (40) yard lines.

The reason for the opinion request is that one of the factors considered by the University in assigning seats to season ticket holders is contributions to the Razorback Foundation.^[2] Persons receiving seats in the area in question have usually made such a contribution.

The ultimate issue is whether the season football tickets should be valued at their face price or at some higher amount based upon the location of the seats. The valuation of tickets to sporting events is squarely addressed in § 306(c) of the Commission's Rules on Gifts which provides, in pertinent part, 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 for 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.

Because the tickets in question are not being obtained pursuant to an "executive suite" or "skybox" lease, the Commission concludes that such tickets should be valued at face price.^[3] Accordingly, the sale of the tickets at their face price would not constitute a gift.

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

Graham F. Sloan
Director

^[1] For the 2000 season, the price per season ticket will be \$100.00 for Fayetteville (4 games) and \$75.00 for Little Rock (3 games), for a total of \$175.00.

^[2] The Razorback Foundation is a nonprofit organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Its stated mission is to support the athletic and academic endeavors of the University of Arkansas Razorbacks.

^[3] Even if the making of contributions to the Razorback Foundation were treated as the equivalent of an "executive suite" or "skybox" lease, the result of this opinion would not change since the tickets in

question are being sold for \$25.00 each which is the price of the highest individually priced ticket to the football games.

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.

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).

Melissa Dorn Bratton
Staff Attorney

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