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FOR AZ.

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Citizens Clean Elections Guide

azcleanelections.gov

Early Contribution Limits

- Collected and spent during the exploratory period and through August 23, 2016.
- Individuals may contribute up to a maximum of \$160.
- Contributions from political action committees (PACs), businesses, corporations, political parties and labor unions are prohibited.
- A participating candidate may contribute personal funds up to a maximum amount of \$720 for candidates for the legislature and \$1,420 for candidates for Statewide offices. The personal contribution limit includes contributions received from certain family members.
- A participating candidate's total early contributions must not exceed the amount specified below.
- A non-participating candidate who later chooses to run as a participating candidate may not have spent contributions exceeding the individual early contribution limit of \$160 or exceeding the aggregate early contribution limit for the specified office.

	Corporation Commission	Legislature
Early Contribution Limit	\$25,678	\$4,011
Personal Contribution Limit	\$1,420	\$720

\$5 Qualifying Contributions (Collected between August 1, 2015 through August 23, 2016.)

- A candidate must collect a minimum number of qualifying contributions. *The amounts detailed below are subject to Commission approval.*

Corporation Commission	Legislature
1,700	250

Expenditures

- A participating candidate must adhere to expenditure limits and may not make expenditures in excess of the cash on hand. Cash on hand includes both early contributions received and candidate funding.

Candidate Funding

- In 2016, candidates running for the following offices are eligible to apply for Clean Elections funding.

Election Funding	Corporation Commission	Legislature
Primary	\$102,711	\$16,044
General	\$154,067	\$24,066
Independents	\$179,744	\$28,077

important dates

EVENT	EVENT
Primary Election: August 30, 2016	Candidate Statement Pamphlet Submission Deadlines:
Primary Early Voting Begins: August 4, 2016	Primary CSP: June 10, 2016
General Election: November 8, 2016	General CSP: September 6, 2016
General Early Voting Begins: October 13, 2016	Qualifying Period Begins: August 1, 2015
Candidate Nomination Petitions:	Qualifying Period Ends: August 23, 2016
First day to file: May 2, 2016	Deadline to Submit
Last day to file: June 1, 2016 at 5:00 p.m.	\$5 Qualifying Contributions: August 30, 2016

Campaign Finance Reporting Dates

NAME OF REPORT	TIME PERIOD COVERED IN REPORT	REPORT FILED WITH SECRETARY OF STATE
January 31st Report	Nov 25, 2014 through Dec 31, 2015	January 1, 2016 through February 1, 2016
Application for Certification Report (Participating Candidates Only)	Covering all campaign transactions to date. Only required if application is filed after filing the statement of organization.	Due at the time of filing Application for Certification.
June 30th Report	January 1, 2016 through May 31, 2016	June 1, 2016 through June 30, 2016
Qualifying Contributions Report	Reporting all \$5 qualifying contributions being submitted for verification.	Due at the time of filing Qualifying Contributions
Pre-Primary Report	June 1, 2016 through August 18, 2016	August 19, 2016 through August 26, 2016
Qualifying Period Recap Report	Covering all campaign transactions through August 23, 2016. Any unspent early contributions must be sent to the Commission.	August 24, 2016 through August 29, 2016
Primary Recap Report	Covering all campaign transactions through primary election day. Any unspent monies must be returned to the Commission within 5 days of the primary election. August 24, 2016 through August 30, 2016	August 31, 2016 through September 4, 2016
Post-Primary Report	August 19, 2016 through September 19, 2016	September 20, 2016 through September 29, 2016
Pre-General Report	September 20, 2016 through October 27, 2016	October 28, 2016 through November 4, 2016
Post-General Report	October 28, 2016 through November 28, 2016. Any unspent monies must be returned to the Commission by Nov. 8, 2016	November 29, 2016 through December 8, 2016

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elcome to Arizona's Citizens Clean Elections Commission Guide for the 2015-2016 election cycle.

The Citizens Clean Elections Act (Act) is a campaign finance reform measure that was initiated by Arizona citizens and passed by voters in 1998. The Act created a non-partisan commission to oversee the administration and enforcement of campaign finance laws and provide voter education. It also created Clean Elections funding which allows statewide and legislative candidates, who forgo PAC and other large dollar contributions in favor of \$5 contributions from Arizona voters, to run for office. Three seats on the Arizona Corporation Commission as well as all legislative seats are eligible to qualify for Clean Elections funding the 2015-2016 election cycle.

This guide is intended solely as a reference. Every effort has been made to present accurate and reliable information, however, information contained in this guide may change periodically. Please take note that the information contained herein should not be considered as having the same weight and authority as Arizona Revised Statutes, Arizona Administrative Code, established court decisions and Attorney General Opinions.

In the event any information conflicts, this guide is not controlling and users must instead follow relevant legal authority. The information contained in this guide is not a satisfactory substitute for legal counsel. If you believe that you or your committee could be adversely affected in any matter relating to the subject matter contained herein, you should seek the professional assistance of an attorney.

The guide is available in alternate formats. Persons who need information about the guide in alternate formats should contact the Commission.

If you have questions, please do not hesitate to contact us at 602-364-3477 (toll free at 1-877-631-8891), or e-mail us at ccec@azcleanelections.gov. We look forward to working with you.

Commissioners

Thomas J. Koester, Chairman (I)

Mitchell C. Laird (R)

Steven M. Titla (D)

Damien R. Meyer (D)

Mark Kimble (I)

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1 Becoming a Statewide or Legislative Candidate

HOW TO BECOME A STATEWIDE OR LEGISLATIVE CANDIDATE

Statement of Organization

Each candidate who intends to receive contributions or make expenditures of \$500 or more shall file a Statement of Organization in order to establish the candidate's campaign committee. Only a candidate who has filed a Statement of Organization and has established a candidate's campaign committee is eligible to participate in the Clean Elections program. **An individual must file a Statement of Organization *before*:**

- Making any expenditures;
- Accepting any contributions;
- Distributing any campaign literature; or
- Circulating any petitions.

The Statement of Organization must be filed with the Secretary of State's office and must include the following:

1. The name, address and type of committee. To become a participating candidate, select "Candidate (Participating)."
2. The names, addresses, telephone numbers, occupations and employers of the chairman and treasurer of the committee. It is permissible for a candidate to be the chairman and treasurer of his or her own campaign committee.
3. Name of the banking institution used by the committee.
4. The name, address, office sought and party affiliation of the candidate. **Candidates for the Legislature must indicate in which district they are running.**
5. Signatures for the candidate, chairman and treasurer are required. **If a candidate is acting as his/her own chairman and treasurer, the candidate must sign in all three designated places.**

Application for Certification as a Participating Candidate

Candidates that wish to participate in the Clean Elections program must file an "Application for Certification as a Participating Candidate" with the Secretary of State's office before the end of the qualifying period, August 23, 2016. The form is available through the campaign finance reporting system <https://apps.azsos.gov/apps/election/cfs/filing/Login.aspx>. The Secretary of State's office will forward a copy of the completed application to the Commission.

A candidate may also be required to file a campaign finance report disclosing all contributions and expenditures at the time of filing the application. Contributions can not exceed \$160 per individual. Contributions from PACs, labor unions, businesses, political parties or corporations are prohibited.

chapter one

Refunds of all contributions in excess of the contribution limit or from PACs, labor unions, businesses, political parties and corporations must be made prior to the filing of the Application for Certification and any necessary campaign finance reports.

A candidate is not eligible to become a participating candidate if the campaign committee has spent contributions exceeding the aggregate early contribution limit or in excess of the personal contribution limit:

CONTRIBUTION TYPE	CORPORATION COMMISSION	LEGISLATURE
Early Contribution Limit	\$25,678	\$4,011
Personal Contribution Limit	\$1,420	\$720

The Commission will approve or deny the candidate application within seven calendar days and will notify the candidate by e-mail. Once certified, the candidate is held to all laws and rules governing participating candidates.

Important Information about the Application for Certification

- The candidate may designate an authorized individual to receive the candidate funding from the Commission's office.
- The Application for Certification must be notarized.
- If information on the application changes, a new Application for Certification must be filed with the Secretary of State's office, indicating an amendment.

Participating Candidate Training Workshops

A participating candidate must attend at least one Commission sponsored candidate training class **within 60 days** of being certified or within 60 days of the beginning of the qualifying period if the candidate is certified before the beginning of the qualifying period. If the candidate is unable to attend a training class, the candidate shall:

- Notify the Commission that the candidate is unable to attend a training class. The Commission then will send that person the Commission training materials; and
- The candidate shall sign and send to the Commission a statement certifying that he or she has received and reviewed the Commission training materials.

If a participating candidate fails to attend a Commission sponsored workshop, the candidate is subject to an enforcement matter and possible fine up to \$1,000 for a legislative candidate and \$5,000 for a statewide candidate. The training schedule can be found on the Commission website at www.azcleaselections.gov.

Non-participating candidates and members of the public are welcome to attend a Commission sponsored training workshop.

Nomination Petitions & Papers (Filed May 2, 2016 - June 1, 2016)

A participating candidate must either be an Independent candidate or meet the following criteria:

- Must have properly filed nominating papers and nominating petitions with signatures in the primary election of a political party entitled to continued representation on the official ballot; or
- Must be a party nominee of a political party recognized on the official general election ballot.

Participating Candidates May File Prior to May 2, 2016

Any time after January 1, 2016, a participating candidate who is ready to apply for funding may file his or her nominating petitions and signatures early, instead of waiting until May 2, 2016. **The nominating petitions and signatures must be filed with the Secretary of State's office at the same time the candidate submits his or her \$5 qualifying contributions.** A candidate may continue to supplement the number of petition signatures required, but may only submit an application for funding once.

Resign to Run Law

The resign to run law applies to incumbent elected officers who seek election to any public office other than the office the incumbent is currently holding. If an elected official wishes to declare his or her candidacy anytime before the final year of the term being held, the officeholder must first resign his or her office. An incumbent shall be deemed to have offered himself for nomination or election on the filing a nomination paper pursuant to A.R.S. § 16-311(A). An incumbent is not deemed to have offered himself for nomination or election to an office by making a formal declaration of candidacy for the office.

Changing Participation Status

A candidate who has been certified as a participating candidate may withdraw from participation. However, a candidate may not withdraw from participation once he or she has been approved for funding. If a candidate wishes to withdraw from participation, the candidate shall:

- Send written communication to the Commission stating the candidate's intent to withdraw and the reason for the withdrawal.
- Not accept any private monies in excess of the Clean Elections contribution limits until the withdrawal is approved by the Commission.

The Commission shall act on the withdrawal request within seven days. If the Commission takes no action in the 7-day time period, the withdrawal is automatic.

A candidate whose withdrawal has been approved shall:

- Make his or her best efforts to return all \$5 qualifying contributions to the contributors; or
- If the candidate has the contributor's written authorization, the candidate may use the \$5 qualifying contribution as a campaign contribution; or
- If contributors cannot be contacted, the \$5 qualifying contributions shall be sent to the Commission.

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The Qualifying Period & \$5 Qualifying Contributions

Qualifying Period

During the qualifying period candidates collect \$5 qualifying contributions. Candidates must obtain a minimum number of qualifying contributions before the end of this period in order to apply for funding. The qualifying period begins August 1, 2015 and ends August 23, 2016. **Candidates may not solicit \$5 qualifying contributions prior to August 1, 2015.**

Qualifying Contributions

For the 2016 election cycle, the minimum number of \$5 qualifying contributions a candidate must receive is:

CORPORATION COMMISSION	LEGISLATURE
1,700	250

To ensure that a candidate has a sufficient number of valid \$5 qualifying contributions, the Commission recommends that a candidate collect **at least 20%** more qualifying contributions than the minimum number required:

CORPORATION COMMISSION	LEGISLATURE
2,040	300

Qualifying Contributions must be:

- The sum of \$5, exactly. A married couple may contribute a \$10 check, if **BOTH** spouses sign the check and complete separate qualifying contribution forms;
- Made by a qualified elector ("contributor") - a person who is properly registered to vote in the district of the office the candidate is seeking;
- Received from a contributor who has not given another qualifying contribution to the same candidate during that election cycle;
- Received from a contributor who has not been given anything of value in exchange for the qualifying contribution;
- Received unsolicited or solicited from a person who is not employed or retained by the candidate and who is not compensated by or on behalf of the candidate to collect the qualifying contribution;
- If made by check or money order, made payable to the candidate's campaign committee, or if made in cash, deposited in the candidate's campaign committee's bank account.

An individual may give a \$5 dollar qualifying contribution, a \$160 early contribution, as well as sign a nomination petition on behalf of the same candidate.

Any expense incurred as a result of collecting \$5 qualifying contributions is considered to be a direct campaign expense and must be paid for out of the candidate's campaign bank account.

chapter TWO

Qualifying Contribution Form

Each \$5 qualifying contribution must be accompanied by a qualifying contribution form. The Commission has developed a 3-part form that is available free to participating candidates. The Commission will provide up to each participating candidate up to 20% more forms than the minimum required for office the candidate is seeking.

The candidate may also develop his or her own \$5 qualifying contribution form. ***This form must be submitted to the Commission for approval prior to use.*** The form must include the name of the candidate; name, address, and original signature of the contributor; date of contribution; and the name and original signature of the solicitor.

REMINDER

Forms will be disqualified if unsigned by the contributor, undated, and/or signed by a person who is not registered to vote inside the electoral district of the office the candidate is seeking on the date specified on the form.

Solicitation of the \$5 Qualifying Contributions

The solicitor is a volunteer who collects \$5 qualifying contributions on behalf of the candidate. A solicitor must be eligible to be registered to vote in Arizona. A resident of the state is qualified to register to vote if the individual:

- Is a citizen of the United States;
- Is eighteen years of age or more on or before the date of the regular general election next following registration;
- Has been a resident of the state 29 days preceding the next election;
- Is able to write his or her name or make a mark, unless prevented from doing so by physical disability;
- Has not been convicted of treason or a felony, unless restored to civil rights;
- Has not been adjudicated an incapacitated person.

The solicitor can be the candidate, the contributor or a volunteer. The solicitor **MAY NOT** be compensated to collect \$5 qualifying contributions.

On the \$5 qualifying contribution form, the solicitor must provide the following information:

- Solicitor's name;
- Residential address; and
- Signature.

Voter Registration

Candidates or solicitors may register an individual to vote at the time they receive a qualifying contribution. Voter registration forms are available from the Secretary of State's office or the County Recorder's office.

Unsolicited \$5 Qualifying Contributions

Candidates may receive qualifying contributions unsolicited. If an unsolicited contribution is received, the candidate shall sign the qualifying contribution form as the solicitor and be accountable for all of the responsibilities of a solicitor. The accuracy of the information and signature on the form should be verified before the form is submitted to the Secretary of State's office.

The E-Qual System

The Arizona Secretary of State's E-Qual system allows registered voters to securely sign a candidate's nomination petition and/or contribute a \$5 Qualifying Contribution to a participating candidate. Participating candidates for statewide or legislative office may create an electronic \$5 Qualifying Contribution Form to collect \$5 contributions from voters. **A candidate may collect up to 50% of the minimum number of qualifying contributions required for that office utilizing the E-Qual system.**

- A candidate can access the E-Qual system through the Campaign Finance System Login to create and manage his/her nomination petition or \$5 Qualifying Contribution Form.
- Candidates will need to set up a PayPal account in order to collect \$5 Qualifying Contributions.
- Candidates should refer to the E-Qual User Manual when establishing the campaign's PayPal account.
www.azcleaselections.gov/docs/default-source/default-document-library/equal_user_manual-pdf

Excess \$5 Qualifying Contributions

If a candidate receives \$5 qualifying contributions after the candidate applies for funding, the candidate has three options to dispose of the monies:

- The candidate may return the \$5 qualifying contribution to the contributor; or
- The candidate may ask the contributor's permission to keep the \$5 as an early contribution, provided that the contributor has not already reached the \$160 early contribution limit and the candidate has not already reached the aggregate contribution limit; or
- The candidate may send the \$5 qualifying contribution to the Commission. Prior to submitting the excess \$5 qualifying contribution, the candidate must first deposit the check(s) into their campaign account and then write one check to the Commission.

Contribution Prohibitions

A lobbyist may not give a contribution to a Legislator or the Governor when the Legislature is in regular session. In addition, lobbyists may not solicit contributions on behalf of a Legislator or the Governor when the Legislature is in regular session.

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Clean Elections Funding

APPLYING AND QUALIFYING FOR FUNDING

Once a candidate has collected the required number of \$5 qualifying contributions, the candidate may apply for Clean Elections funding through the Secretary of State's office *no later than August 30, 2016*.

How to Apply for Funding

To apply for funding, the candidate must file the following with the Secretary of State's office:

- Participating Candidate's Application to Receive Funds and Qualifying Contributions Report. This form is available through the campaign finance reporting system, <https://apps.azsos.gov/apps/election/cfs/filing/Login.aspx>
- A list of \$5 qualifying contributions collected through the E-Qual system.
- Original qualifying contribution forms sorted by county.
- A check from the candidate's campaign bank account for the total amount of the \$5 qualifying contributions being submitted, **made payable to the "Clean Elections Fund."** (We recommend bringing your checkbook with you to the Secretary of State's Office, as the Secretary of State's staff will provide the candidate the official amount of qualifying contributions being submitted.)

(NOTE: Once \$5 qualifying contributions have been remitted to the Clean Elections Fund, the qualifying contributions will not be returned to the candidate for any reason.)

The Reallocation Option (one-party-dominant district)

A legislative candidate who is a member of the dominant party in a one-party-dominant district may choose to reallocate a portion of funds from the general election period to the primary election period. A one-party-dominant district is a legislative district in which one political party exceeds every other political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts on or before March 31 of an election year.

A candidate who chooses to reallocate must indicate "YES" in the appropriate box on the candidate's Application to Receive Funds and Qualifying Contributions Report. Once a candidate has been notified that he or she has been approved for funding, the candidate may not reverse the reallocation.

ONE-PARTY-DOMINANT DISTRICT REALLOCATION FUNDING

Primary Election \$24,066

General Election \$16,044

If a candidate wishes to reallocate funding and is approved for funding prior to the beginning of the primary election period (June 28, 2016), the candidate will receive two disbursements:

1. at the time they are approved (\$16,044); and
2. at the start of the primary election period (\$8,022).

After the beginning of the primary period, approved candidates will receive a single disbursement of \$24,066.

Primary election funds may not be used for the general election period even if the candidate chooses to reallocate funds.

chapter three

Reporting the \$5 Qualifying Contributions

All \$5 qualifying contributions are to be reported in the Secretary of State's campaign finance reporting system. The \$5 qualifying contributions will appear on the campaign finance reports for the reporting periods in which they are received. Candidates will not be able to apply for funding unless the contributions are entered into the system. The following information is required when entering \$5 qualifying forms into the campaign finance reporting system:

- The date the contribution was received;
- The contributor's full name (as it appears on their voter registration); and
- The county in which the contributor is registered to vote.

Remember to sort the \$5 qualifying contributions by county for the funding application.

The screenshot shows a navigation menu with tabs: Income, Expenses, Loans, Accounts & Transactions, Reports, and Filer Account Mgmt. The 'Reports' tab is active. A dropdown menu is open under 'Reports', listing the following options: Individual Contributions, Candidate or Family Contributions, Committee Contributions, CCEC \$5 Qualifying Contributions (highlighted), Receive CCEC Funding, Aggregate Contributions less than \$50, and In-Kind Contributions.

The screenshot shows a data entry form with the following columns: Date, First Name, Middle, Last Name, Suffix, and County. Each column has a corresponding input field. The 'Date' field includes a calendar icon and a red asterisk. The 'County' field is a dropdown menu with '-Select county-' selected. There are 10 rows of these input fields. At the bottom of the form are four buttons: Submit, Submit & Enter Another, Reset, and Cancel.

Verification of Submitted \$5 Qualifying Contributions

Once \$5 qualifying contributions are submitted, the Secretary of State's office selects a random sample. The Secretary of State's office will select a 5% random sample for candidates for statewide office and a 20% random sample for candidates for the legislature. The random sample is sent to the county recorder of the county of the addresses specified on the selected forms. The county recorder will verify the selected forms within ten business days of receiving the random sample. The county recorder will provide a report to the Secretary of State's office identifying any disqualified forms.

Forms may be disqualified for the following reasons:

- Unsigned by the contributor;
- Undated or incorrect date; or
- Signed by a person who was not registered to vote in the electoral district of the office the candidate is seeking on the date specified on the slip.

The Secretary of State's office shall multiply the number of forms not disqualified by 20 for statewide candidates and by 5 for legislative candidates. If the result is greater than 110% of the minimum number required, the candidate will be approved for funding.

5% and 20% Random Sampling

In order to produce a random sample large enough to result in certification for funding without having each qualifying contribution form checked by the appropriate county recorder, a candidate must submit at least 20% more qualifying contributions than the minimum number required (see p. 5).

Random Sample Procedure Examples

Legislative Assumption: A candidate for a legislative seat submits 300 qualifying contributions

- Secretary of State takes 20% sample of 300, which is 60
- If 60 of the 60 are valid, 60×5 is 300, $300/250$ is 120% which is above 110%. Therefore, funding is granted.
- If 54 of the 60 are valid, 54×5 is 270, $270/250$ is 108% which is below 110%. Therefore, all 300 \$5 qualifying contribution forms must be verified by the county recorder.

Statewide Assumption: A candidate for Secretary of State submits 3,360 qualifying contributions

- Secretary of State takes 5% sample of 3,360, which is 168
- If 168 of the 168 are valid, 168×20 is 3,360, $3,360/2,800$ is 120% which is above 110%. Therefore, funding is granted.
- If 153 of the 168 are valid, 153×20 is 3,060, $3,060/2,800$ is 109% which is below 110%. Therefore, all 3,360 \$5 qualifying contribution forms must be verified by the county recorder.

chapter three

Supplemental Filing

If the result is less than 110% of the required amount, the Secretary of State's office shall submit all qualifying contribution forms to the appropriate county recorder for verification. If there is an insufficient number of valid forms after the county recorder checks all the submitted forms, the candidate may make **one** supplemental filing of additional \$5 qualifying contribution forms to the Secretary of State's office only if:

- The candidate files at least the minimum number of additional forms needed to qualify for funding;

The additional forms must be:

- Collected from individuals before the end of the qualifying period (August 23, 2016);
- Collected from individuals within the candidate's district who **have not** previously contributed a valid qualifying contribution to the candidate;
- Submitted to the Secretary of State's office before August 30, 2016.

Failure to Qualify for Funding

A candidate will be denied funding if:

- The candidate's random sample is less than 110%; and
- The country recorder has determined that the candidate has failed to submit the required number of valid qualifying contributions for the office sought; and
- The result of the supplemental filing is less than the required number of qualifying contributions required for the office sought.

Once denied, the candidate must start the process of collecting the qualifying contributions again. The qualifying contributions must be collected from individuals who have not previously contributed a qualifying contribution to the candidate.

- The qualifying contributions must be collected before the end of the qualifying period August 23, 2016.
- The qualifying contributions must be submitted to the Secretary of State's office before August 30, 2016.

If a candidate fails to qualify for funding in accordance with the procedures described in this chapter, the candidate's participating status is automatically terminated.

Arizona W-9 Form

Participating candidates must submit a completed Arizona W-9 Form to the Commission in order to establish the candidate as a vendor with the State of Arizona. Clean Elections funding checks cannot be issued without first establishing the candidate as a vendor with the State of Arizona. **The candidate should submit the W-9 form to the Commission** at the same time he or she submits the Participating Candidate's Application to Receive Funds to the Secretary of State's Office.

PRIMARY ELECTION FUNDING

When a candidate qualifies for Clean Elections funding, the Commission shall provide the candidate with funding equal to the original primary election spending limit. Primary election funds must be directed at the primary election.

Participating candidates must return to the Commission any unspent monies at the end of the primary election period and may NOT carry excess primary election funding over to the general election period.

The Secretary of State's office will notify Commission staff once a candidate has been approved for funding. Candidate funding is typically available on the next business day. However, the Arizona Department of Administration (ADOA) processes the checks and the Commission has no control over ADOA timelines.

The table below details the funding that qualified participating candidates will receive.

ORIGINAL PRIMARY ELECTION SPENDING LIMIT			
Office	Party Candidate	Unopposed	Reallocation Option
Corporation Commission	\$102,711	\$5 Qualifying Contributions	N/A
Legislature	\$16,044	\$5 Qualifying Contributions	\$24,066

Unopposed Primary Funding

An unopposed participating candidate will NOT receive full funding from the Commission. The candidate will receive \$5 times the number of qualifying contributions that the candidate submitted to the Secretary of State.

A candidate is unopposed if he or she meets ALL of the following criteria:

1. Unopposed in his or her primary;
2. Unopposed in the primary of any other party; AND
3. Unopposed by any Independent candidate.

Return of Unspent Primary Monies

Participating candidates must return to the Commission all unspent monies in the candidate's campaign bank account within five days after the primary election. Funds to reconcile any uncontested and unpaid bills may be held for 30 days after the primary election. Any monies in the candidate's campaign account after payment of bills shall be returned promptly to the Commission.

Participating candidates are **NOT** permitted to carry primary funding forward to the general election period. Participating candidates are required to file a "Primary Recap Report" for the period ending August 30, 2016 including any unspent monies returned to the Commission. The Primary Recap Report and return of primary funding is due September 4, 2016.

chapter three

Reporting Return of Unspent Primary Monies

After the Primary Election, participating candidates must report the return of unspent monies in the Secretary of State's campaign finance reporting system.

The screenshot displays a web application interface for reporting campaign finance. At the top, there are navigation tabs: **Income**, **Expenses**, **Loans**, **Accounts & Transactions**, **Reports**, and **Filer Account Mgmt**. The **Expenses** tab is active, showing a list of transaction types with right-pointing arrows: **Immediate Cash/Check Expenditure**, **Purchase on Terms/Credit**, **Pay on Terms/Credit**, **Add Sub-Vendor to Transaction**, **Expend In-Kind Contribution**, **Submit \$5 Qualifying Contributions to SOS**, and **Pay Another Committee for Shared Expense**. A dropdown menu is open for **Give a Refund**, showing sub-categories: **Contributions**, **In-Kind Contribution**, and **Other Receipts**. The **Contributions** sub-category is further expanded to show: **Individual**, **Candidate and Family**, **From Committee**, **CCEC \$5 Qualifying Contribution**, **CCEC Funding** (highlighted), and **Less than \$50**. Below the menu is a form for entering refund details with the following fields: **Refund Date:** (calendar icon), **Original Transaction:** (Choose Transaction button), **Amount Refunded:** (with a red asterisk), **Check #:**, and **Memo:**. At the bottom of the form are buttons for **Submit**, **Submit & Enter Another**, **Reset**, and **Cancel**.

Terminating the Committee after the Primary Election

If a candidate does not advance to the general election, the candidate may terminate his or her campaign committee by filing a termination statement with the Secretary of State's office. The candidate and treasurer must sign the termination statement and certify that the committee will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of properly. The Secretary of State's office requires the committee to file a campaign finance report showing a zero account balance before the committee can officially be terminated.

GENERAL ELECTION FUNDING

If a Participating candidate advances to the general election, the Commission will provide the candidate with funding equal to the general election spending limit at the start of the general election period (August 31, 2016).

The candidate may **NOT** carry any excess primary election funding over to the general election period. Participating candidates must return any excess primary funding to the Commission within five days of the primary election.

General election funding is typically available on the next business day after the general election period begins. However, the Arizona Department of Administration (ADOA) processes the checks and the Commission has no control over ADOA timelines.

The table below details the funding that qualified participating candidates will receive.

ORIGINAL GENERAL ELECTION SPENDING LIMIT			
Office	Party Candidate	Unopposed	Reallocation Option
Corporation Commission	\$154,067	\$5 Qualifying Contributions	N/A
Legislature	\$24,066	\$5 Qualifying Contributions	\$16,044

Unopposed General Funding

An unopposed participating candidate will **NOT** receive full funding from the Commission. The candidate will receive \$5 times the number of qualifying contributions that the candidate submitted to the Secretary of State.

A candidate is unopposed if he or she meets ALL of the following criteria:

1. Unopposed by a candidate of any other party; **and**
2. Unopposed by any independent candidate.

The One-Party Dominant District Reallocation Option

A legislative candidate who chose the reallocation option in the primary, will receive funding equal to the original primary election spending limit of \$16,044 for the general election.

Return of Unspent General Monies

Participating candidates must return to the Commission all unspent monies in the candidate's campaign bank account within 30 days after the general election. Funds to reconcile any uncontested and unpaid bills may be held longer, after notifying the Commission. Any monies in a candidate's campaign account after payment of bills shall be returned promptly to the Commission.

Participating candidates are required to file a "Post General Election Report" for the period ending November 28, 2016 including any unspent monies returned to the Commission. The campaign finance report and return of unspent funds is due **December 8, 2016**.

chapter three

Reporting Return of Unspent General Monies

After the General Election, participating candidates must report the return of unspent general election monies in the Secretary of State's campaign finance reporting system.

The screenshot displays a web-based reporting system with a navigation bar at the top containing the following tabs: **Income**, **Expenses**, **Loans**, **Accounts & Transactions**, **Reports**, and **Filer Account Mgmt**. The **Accounts & Transactions** dropdown menu is open, listing the following options: **Immediate Cash/Check Expenditure**, **Purchase on Terms/Credit**, **Pay on Terms/Credit**, **Add Sub-Vendor to Transaction**, **Expend In-Kind Contribution**, **Submit \$5 Qualifying Contributions to SOS**, **Pay Another Committee for Shared Expense**, and **Give a Refund**. The **Give a Refund** option is selected, opening a sub-menu with **Contributions**, **In-Kind Contribution**, and **Other Receipts**. The **Contributions** sub-menu is further open, showing a list of contribution types: **Individual**, **Candidate and Family**, **From Committee**, **CCEC \$5 Qualifying Contribution**, **CCEC Funding** (which is highlighted), and **Less than \$50**.

In the foreground, a data entry form is visible with the following fields and controls:

- Refund Date:** A date input field with a calendar icon and a red asterisk.
- Original Transaction:** A button labeled **Choose Transaction**.
- Amount Refunded:** A numeric input field with a red asterisk.
- Check #:** A text input field.
- Memo:** A text input field.
- Buttons at the bottom: **Submit**, **Submit & Enter Another**, **Reset**, and **Cancel**.

TERMINATING THE COMMITTEE

A candidate may terminate the campaign committee by filing a termination statement with the Secretary of State's office. The candidate and treasurer must sign the termination statement and certify that the committee will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of properly. The Secretary of State's office requires the committee to file a campaign finance report showing a zero account balance before the committee can officially be terminated.

INDEPENDENT CANDIDATES

An Independent candidate is a candidate who:

- Is registered as an Independent or with no party preference or who is registered with a political party that is not qualified for representation on the ballot, and
- Has properly filed nominating papers and nominating petitions with signatures.

Once an Independent participating candidate qualifies for Clean Elections funding, the candidate receives 70% of the sum of the original primary election spending limit and the original general election spending limit. The candidate will receive one lump sum to be spent in both the primary and general elections.

INDEPENDENT CANDIDATE FUNDING	
OFFICE	FUNDING AMOUNT
Corporation Commission	\$179,744
Legislature	\$28,077

Act & Rules References for Chapter 3

Qualifying Contributions
A.R.S. § 16-950
A.A.C. R2-20-105(I)

Political Party
Exception
A.A.C. R2-20-112

Terminating Cam-
paign Committee
A.R.S. § 16-914

Applying for Funding
A.A.C. R2-20-105(B)

One Party Dominant
District
A.R.S. § 16-952

Verification of Qualifying
Contributions
A.R.S. § 16-950(C)
A.A.C. R2-20-105

Primary Election
Funding
A.R.S. § 16-951
A.R.S. § 16-961(G)

General Election
Funding
A.R.S. § 16-951
A.R.S. § 16-961(H)

Return of Unspent Monies
A.R.S. § 16-953

Termination of Participating Candidate Status
A.A.C. R2-20-108(B)

Independent Candidates
A.R.S. § 16-951
A.R.S. § 16-961(F)(2)
A.A.C. R2-20-101(18)

4 Participating Candidate Campaign Contributions & Expenditures

CONTRIBUTIONS

Definition of Contribution

"Contribution" means any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing an election.

Contributions Include:

- A contribution made to retire campaign debt.
- Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his or her candidacy.
- The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item. However, it is not considered to be a contribution if the actual cost of the meal or fund-raising item is for the purchaser's personal use and not for resale, and the actual cost is the entire amount paid by the purchaser in connection with the event. The exception does not apply to auction items.
- Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services.

Contributions Do NOT Include:

1. Personal Services & Travel Expenses

- The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate's campaign committee or any other political committee.
- Any un-reimbursed payments for personal travel expenses made by an individual who, on his or her own behalf, volunteers his or her personal services to a candidate.
- Legal or accounting services provided to a candidate at no cost. This exemption only applies if the person paying for the services is the regular employer of the person rendering the services and if services are solely for the purpose of compliance with Arizona Revised Statutes, Title 16.

2. Duties of Elected Officials

Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his or her office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his or her office.

3. Property, Food & Beverages

- An individual may use personal property, including his or her home, a church or community room used on a regular basis by members of a community for noncommercial purposes, in the course of volunteering for a candidate.
- For candidate-related activities, each adult in the household may spend up to a total of \$100 per election cycle for invitations, food and beverages only, which does not count as a contribution to the candidate. Any amount over \$100, or for any other purpose, will need to be reported as a contribution from the individual and is subject to individual contribution limits, or the campaign will have to pay the excess amount as a campaign expenditure.

Contributions Do NOT Include (continued):

4. Political Party Activities

Slate cards and sample ballots:

The payment by a political party for printing and postage expenses for slate cards, sample ballots, and other written materials that substantially promote three or more nominees of the party for public office. This exemption does not apply if costs are for a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

Campaign Materials:

The political parties purchase of campaign materials including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, which will be used by the party in connection with volunteer activities on behalf of any nominee of the party. This exemption does not apply if payments are used for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

5. Independent Expenditures

An expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, and that is made without cooperation or consultation with any candidate, candidate committee or candidate agent.

6. Bank

Monies loaned by a state bank, a federally chartered depository institution or a depository institution. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution.

Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee. Participating candidates may **NOT** spend these monies. Participating candidates must send this money to the Commission at the end of the primary election period and at the end of the general election period.

7. Transfer for Joint Fundraiser

A transfer between campaigns to distribute monies raised through a joint fund-raising effort in which each candidate pays a proportionate share of the fundraising expenses and receives a proportionate share of the funds that are raised.

8. Vendor Extension of Credit

An extension of credit for goods and services made in the ordinary course of the vendor's business. This applies only if the vendor provides similar terms of credit to other nonpolitical customers and makes a reasonable attempt to collect the debt. If the candidate does not pay the debt after 6 months, it shall be deemed receipt of a contribution by the candidate, but not a contribution by the creditor. If a candidate receives an extension of credit, it shall be considered to be outstanding debt and it shall be included in campaign finance reports filed by the candidate with the Secretary of State. **A participating candidate cannot go into debt and must have sufficient funds available to cover any extensions of credit.**

Early Contributions

Participating candidates may raise a limited number of private individual contributions which are called early contributions. After filing a Statement of Organization, early contributions may be raised and spent through the end of the qualifying period August 23, 2016. Any early contributions not spent by the end of the qualifying period shall be sent to the Commission.

All contributions other than in-kind contributions and qualifying contributions must be:

- Made by a check drawn on the account of the actual contributor; or
- Made by a money order or a cashier's check containing the name of the actual contributor; or
- Evidenced by a written receipt, with a copy of the receipt given to the contributor and a copy maintained in the records of the candidate.

As illustrated in the chart below, a participating candidate may accept early contributions up to but not exceeding, \$160 per individual during an election cycle.

	Corporation Commission	Legislature
Early Contribution Limit	\$25,678	\$4,011

Reporting Early Contributions

Candidates will report early individual contributions in the Secretary of State's campaign finance reporting system. The candidate must report all early contributions accepted by the committee through the end of the qualifying period. Each contribution shall include the name, address, occupation and employer of the contributor. Contributions of \$50 or less may be aggregated.

The screenshot shows a web-based reporting system with a top navigation bar containing: Income, Expenses, Loans, Accounts & Transactions, Reports, and Filer Account Mgmt. A dropdown menu is open under 'Accounts & Transactions', showing 'Contributions' selected. A sub-menu is open for 'Individual Contributions', listing: Candidate or Family Contributions, Committee Contributions, CCEC \$5 Qualifying Contributions, Receive CCEC Funding, Aggregate Contributions less than \$50, and In-Kind Contributions. Below the menu is a data entry form with the following fields: Contribution Date (calendar icon), Contributor Name (Select Name button), Contribution Amount (*), Check #, Receipt #, Deposit batch #, Event, Event Date (calendar icon), and Memo. At the bottom are buttons for Submit, Submit & Enter Another, Reset, and Cancel.

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Personal Money and Family Contributions

Participating candidates may contribute personal funds up to a maximum amount of \$720 for candidates for the legislature and \$1,420 for candidates for statewide offices. The personal contribution limit includes contributions received from certain family members.

Personal and family contributions are *in addition to* early individual contributions (p. 21). All personal and family monies shall be raised and spent through August 23, 2016.

Monies given to a candidate by certain family members count toward the candidate's personal money limit. A family member may only contribute \$160 whether it be monetary, in-kind, or as a loan. A family member includes a parent, grandparent, spouse, child or sibling of the candidate as well as the parent or spouse of any of those persons previously mentioned. If one of the aforementioned family members gives a contribution to a candidate, the contribution counts towards the applicable personal contribution limit. Any unspent personal and family monies shall be returned to the contributors at the end of the qualifying period.

If a candidate hires a family member to work on the campaign or hires a family member's business for the campaign services, the family member must be identified on the campaign finance report as "family member".

Reporting Personal and Family Contributions

A candidate must report personal and family contributions in the Secretary of State's campaign finance reporting system.

The image shows a screenshot of a web-based reporting system. At the top, there is a navigation bar with tabs: Income, Expenses, Loans, Accounts & Transactions, Reports, and Filer Account Mgmt. The 'Contributions' dropdown menu is open, showing options: Individual Contributions, Candidate or Family Contributions (highlighted), Committee Contributions, CCEC \$5 Qualifying Contributions, Receive CCEC Funding, Aggregate Contributions less than \$50, and In-Kind Contributions. Below this, a data entry form is visible with the following fields: Contribution Date (with a calendar icon and a red asterisk), Contributor Name (with a 'Select Name' button and a red asterisk), Contribution Amount (with a red asterisk), Check #, Receipt #, Deposit batch #, and Memo. At the bottom of the form are four buttons: Submit, Submit & Enter Another, Reset, and Cancel.

In-Kind Contributions

An in-kind contribution is a provision of goods or services or anything of value that is not a monetary contribution. Participating candidates may accept in-kind contributions only from individuals and are limited to \$160 in value. An individual may give a participating candidate an in-kind contribution and a monetary contribution. However, the combined total given to the candidate may not exceed \$160. The candidate may also give in-kind contributions to his or her campaign provided that they, combined with any personal monies, do not exceed \$720 for a candidate for the Legislature, or \$1,420 for a candidate for statewide office.

In-kind contributions must be assessed at a fair market value and must be included in campaign finance reports. It is the responsibility of the candidate to assess the fair market value.

Reporting In-Kind Contributions

A candidate must report in-kind contributions in the Secretary of State's campaign finance reporting system.

The screenshot shows a web-based reporting system with a navigation bar at the top containing: **Income**, **Expenses**, **Loans**, **Accounts & Transactions**, **Reports**, and **Filer Account Mgmt**.

Under the **Income** tab, a dropdown menu is open, listing the following categories:

- Contributions
 - Individual Contributions
 - Candidate or Family Contributions
 - Committee Contributions
 - CCEC \$5 Qualifying Contributions
 - Receive CCEC Funding
 - Aggregate Contributions less than \$50
- Refunds, Credits, Rebates
- Interest and Dividends
- Shared Expense Payment from a Committee
- Other Income

The **In-Kind Contributions** category is selected, opening a sub-menu with the following options:

- Candidate/Family In-Kind Contributions
- Individual In-Kind Contributions
- Committee In-Kind Contributions

A data entry form is overlaid on the screen with the following fields:

- Contribution Date:** A date input field with a calendar icon.
- Contributor Name:** A dropdown menu with the text "Select Name" and a red asterisk (**).
- Value of Goods or Services:** A text input field with a red asterisk (**).
- Memo:** A text input field.
- Receipt #:** A text input field.

At the bottom of the form are four buttons: **Submit**, **Submit & Enter Another**, **Reset**, and **Cancel**.

chapter four

Loans

Money a candidate loans to his or her campaign is a personal money contribution until repaid. Personal monies, including loans, may not exceed \$720 for a candidate for the Legislature and \$1,420 for a candidate for statewide office. Therefore, loans count towards all limits even though a candidate may intend to repay the loan.

Money an individual other than a candidate loans to a campaign is an individual contribution until repaid. Individual contributions, including loans, may not exceed \$160 per individual.

Bank Interest

A candidate may keep campaign monies in an interest bearing bank account. However, participating candidates must remit any bank interest earned to the Clean Elections Fund at the end of the primary election period and at the end of the general election period.

Contributions Reported in a Campaign Finance Report

A campaign finance report must include all contributions accepted by the committee through the end of the reporting period. Each contribution shall include the name, address, occupation and employer of the contributor. Contributions of \$50 or less may be aggregated.

Excess Contributions

If a candidate receives an early contribution that exceeds the contribution limit, the candidate must refund the amount in excess of the \$160 individual contribution limit. **The candidate must enter the original amount received and the refunded amount in the campaign finance reporting system.** The system contains a designated section to key in refunded contributions.

Contribution Prohibitions

A lobbyist may not give a contribution to a Legislator or the Governor when the Legislature is in regular session. In addition, lobbyists may not solicit contributions on behalf of a Legislator or the Governor when the Legislature is in regular session.

EXPENDITURES

Definition of Expenditure

An "expenditure" is any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election. The definition of expenditure includes a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received.

Expenditures Do NOT Include the Following:

- A news story, commentary or editorial distributed through any telecommunications system, newspaper, magazine or other periodical publication. This exemption does not apply if the publications' facilities are owned or controlled by a political committee, political party or candidate.
- Nonpartisan activity designed to encourage individuals to vote or to register to vote.
- The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any elective office. This exemption does not apply if the display of candidates is made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.
- The political parties' purchase of campaign materials including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, which will be used by the party in connection with volunteer activities on behalf of any nominee of the party. This exemption does not apply if payments are used for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.
- Any deposit or other payment filed with the Secretary of State or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

Expenditures Reported in a Campaign Finance Report

All expenditures made by the campaign committee must be reported on the required campaign finance reports. Each expenditure reported in a campaign finance report shall include a description of the goods and services that were purchased. The campaign finance reporting system provides a space in the memo line for the user to enter a detailed description for each expenditure. **Campaign finance reports must include all expenditures made during the reporting period.**

The screenshot displays a web-based interface for reporting campaign expenditures. At the top, there are navigation tabs: Income, Expenses, Loans, Accounts & Transactions, Reports, and Filer Account Mgmt. The 'Expenses' tab is active, showing a list of expenditure types with right-pointing arrows: Immediate Cash/Check Expenditure, Purchase on Terms/Credit, Pay on Terms/Credit, Add Sub-Vendor to Transaction, Expend In-Kind Contribution, Submit \$5 Qualifying Contributions to SOS, Pay Another Committee for Shared Expense, and Give a Refund. A sub-menu is open for 'Immediate Cash/Check Expenditure', showing 'Operating Expense' and 'Other Expenses'. To the right, a data entry form is visible with the following fields: Expenditure Date (calendar icon), Paid To (Select Name), Amount, Expense Categories (Category: -- Select a category --, Subcategory: -- Select a subcategory --), Check #, and Memo. At the bottom of the form are buttons for Submit, Submit & Enter Another, Reset, and Cancel.

chapter four

Joint Expenditures

A joint expenditure is made when two or more candidates agree to share the cost of goods or services. Candidates may make a joint expenditure on behalf of one or more other campaigns, but must be authorized in advance by the other candidates involved in the expenditure, and must be reimbursed within seven days. Each candidate shall pay a proportionate share of the costs. Participating candidates and non-participating candidates may make joint expenditures so long as each candidate pays an equal share of the expenditure.

Itemization of Expenditures

If a participating candidate purchases goods or services from a subcontractor or other vendor through an agent, the candidate's campaign finance report shall identify the full name and street address and the nature of the goods and services provided for each subcontractor or other vendor.

Example of Sub-Vendor Reporting

Joe Candidate is running for Senate and hires MCD's Consulting as his campaign consultant. MCD's Consulting coordinates the production of a campaign mailer. The cost of the mailer is for \$3,700.00. MCD's Consulting paid ZZZ Graphics \$1,700.00 for design and \$500.00 to the House of Mail for mailing. The initial payment to MCD's Consulting, as well as the payments made to sub-vendors ZZZ Graphics and House of Mail, must be reported individually on the campaign finance report, and must include the required information.

Reporting Itemized Expenditures

A participating candidate must report subcontractor or sub-vendor information in the Secretary of State's campaign finance reporting system.

The screenshot displays a web-based reporting system with a top navigation bar containing the following tabs: **Income**, **Expenses**, **Loans**, **Accounts & Transactions**, **Reports**, and **Filer Account Mgmt**. The **Expenses** tab is active, showing a list of expense categories with right-pointing arrows:

- Immediate Cash/Check Expenditure
- Purchase on Terms/Credit
- Pay on Terms/Credit
- Add Sub-Vendor to Transaction** (highlighted)
- Expend In-Kind Contribution
- Submit \$5 Qualifying Contributions to SOS
- Pay Another Committee for Shared Expense
- Give a Refund

To the right of the menu is a form for adding a sub-vendor to a transaction. The form fields are:

- Original Expense:
- Subvendor Name: *
- Sub Vendor Trans Date: **
- Amount apportioned to this subvendor: **
- Memo:

At the bottom of the form are four buttons: , , , and .

Loans and Extensions of Credit

In general, participating candidates are prohibited from incurring obligations greater than their capacity to pay from campaign funds (i.e. incurring debt). However, certain loans and extensions of credit are permissible for participating and traditional candidates.

1. **Loans of Personal Monies from the Candidate** - A candidate may loan personal monies to his or her own campaign. Personal monies are defined to include the proceeds from a bank loan issued to a candidate in his or her personal capacity. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from the candidate, such a loan is subject to the personal monies contributions limit of \$720 (for candidates for the Legislature) \$1,420 (for candidates for statewide office). **All loans should be repaid promptly upon receipt of Clean Elections funds.**
2. **Loans from Individuals other than the Candidate** - Individuals other than the candidate may loan monies to a campaign. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from individuals other than the candidate, such a loan is subject to the individual contributions limit of \$160. **All loans should be repaid promptly upon receipt of Clean Elections funds.**
3. **Extensions of Credit** - A vendor may grant a campaign an extension of credit for the purchase of goods or services. An extension of credit occurs whenever a vendor provides or agrees to provide goods or services to a campaign in exchange for a promise by the campaign to pay for such goods or services at a later date. An extension of credit must be reported as an expenditure when the candidate promises, contracts, agrees or otherwise incurs an obligation to pay for the goods or services, rather than when the candidate is billed for, pays for or receives the goods or services. When the expenditure is incurred, the participating candidate must have sufficient campaign funds to pay for the goods or services and for all other obligations incurred by his or her campaign.

Using a Personal Credit Card & Reimbursements

The candidate, treasurer, or designated agent with authority to spend campaign funds shall pay monies directly from the campaign bank account to the person providing the goods or services. If someone does use a personal credit card on behalf of a campaign, the expenditure is incurred when the candidate authorizes the transaction and must be reported on the subsequent campaign finance report. The candidate may not authorize an expenditure to be made by an individual that exceeds the available cash on hand. The candidate must reimburse the individual for the expenditure within seven days.

Petty Cash Accounts

A candidate's campaign committee may establish one or more petty cash accounts, which in aggregate may not exceed \$1,420 at any time. No single expenditure shall be made from a petty cash account exceeding \$160. On a campaign finance report the participating candidate must identify the full name and street address of the person providing goods and services to the campaign on his or her campaign finance reports for expenditures paid for with petty cash. **This includes any payment to a sub-vendor made on behalf of the campaign.**

The participating candidate is required to maintain all receipts and records corresponding to petty cash activity. The Commission recommends that the treasurer keep a running total of all petty cash withdrawals and expenditures to ensure that the maximum of \$1,420 is not inadvertently exceeded. Petty cash accounts will be audited if the candidate is selected for a random audit.

chapter four

Refund & Repayment

If a candidate receives a refund from an expenditure (for example, the candidate returned merchandise to the store), the original expenditure and the refunded amount must be reported. The campaign finance filing system includes a specific section to report refunds.

A loan repayment is **NOT** an expenditure. The campaign finance reporting system contains a specific section to enter in loan repayments. A refund of a contribution is **NOT** an expenditure. The campaign finance filing system contains a specific section to enter in contribution refunds.

Recordkeeping Requirements

The treasurer of the candidate's campaign committee is the custodian of the campaign's books and records and shall keep a record of all of the following:

- All contributions or other monies received by or on behalf of the candidate.
- The identification of any individual who makes any contribution along with the date and amount of each contribution and the date of deposit into a campaign account.
- Cumulative totals contributed by each individual.
- The name and address of every payee to whom any expenditure is made, and the date, amount and purpose or reason for the expenditure.
- All periodic bank statements or other statements for the campaign account.
- All activity related to petty cash accounts.

The treasurer of the campaign shall:

- Ensure no campaign expenditure is made without the authorization of the treasurer or the designated agent.
- Record all contributions made by check, money order or other written instrument as a contribution by the person whose signature or name appears on the bottom of the instrument. If a contribution is made by more than one person in a single written instrument, the treasurer shall record the amount to be attributed to each contributor as specified.
- Ensure all contributions other than in-kind contributions and qualifying contributions are evidenced by a written record in the form of:
 - A check drawn on the account of the actual contributor;
 - A money order or cashier's check containing the name of the actual contributor; or
 - A written receipt with a copy of the receipt given to the contributor and a copy maintained in the records of the candidate.
- Preserve all records and copies of all finance reports for three years after the election.
- If requested by the Attorney General, the county, city or town attorney or the filing officer, provide any of the records required to be kept pursuant to this rule.
- Make available for public inspection all bank accounts, campaign finance reports, and financial records relating to the candidate's campaign, either by immediate disclosure through electronic means or at the candidate's campaign headquarters.
- Ensure all records are maintained at a single location within the state and available for inspection by the Commission during regular business hours.

CAMPAIGN FINANCE REPORTS FOR PARTICIPATING CANDIDATES

Participating candidates are required to file timely campaign finance reports. Late reports are subject to a Commission penalty of \$160 a day for legislative candidates and \$440 a day for statewide candidates.

Each campaign finance report must include (but not limited to):

- The amount of cash on hand at the beginning of the reporting period;
- The total amounts of contributions from individuals, political committees, loans, in-kind contributions, dividends, interest, rebates, and refunds.
- The total amounts of disbursements and itemized lists of disbursements such as: expenditures, refunds of contributions, repayments of loans, and transfers to other political committees.

CAMPAIGN FINANCE REPORTING DATES

NAME OF REPORT	TIME PERIOD COVERED IN REPORT	REPORT FILED WITH SECRETARY OF STATE
January 31st Report	Nov 25, 2014 through Dec 31, 2015	January 1, 2016 through February 1, 2016
Application for Certification Report (Participating Candidates Only)	Covering all campaign transactions to date. Only required if application is filed after filing the statement of organization.	Due at the time of filing Application for Certification.
June 30th Report	January 1, 2016 through May 31, 2016	June 1, 2016 through June 30, 2016
Qualifying Contributions Report	Reporting all \$5 qualifying contributions being submitted for verification.	Due at the time of filing Qualifying Contributions
Pre-Primary Report	June 1, 2016 through August 18, 2016	August 19, 2016 through August 26, 2016
Qualifying Period Recap Report	Covering all campaign transactions through August 19, 2014. Any unspent early contributions must be sent to the Commission.	August 24, 2016 through August 29, 2016
Primary Recap Report	Covering all campaign transactions through primary election day. Any unspent monies must be returned to the Commission within 5 days of the primary election. August 24, 2016 through August 30, 2016	August 31, 2016 through September 4, 2016
Post-Primary Report	August 19, 2016 through September 19, 2016	September 20, 2016 through September 29, 2016
Pre-General Report	September 20, 2016 through October 27, 2016	October 28, 2016 through November 4, 2016
Post-General Report	October 28, 2016 through November 28, 2016. Any unspent monies must be returned to the Commission by Nov. 8, 2016	November 29, 2016 through December 8, 2016

5 Participating Candidate Use of Funds

USE OF CLEAN ELECTIONS FUNDING

Direct Campaign Purposes

Participating candidates may only use campaign funds to pay for goods and services for direct campaign purposes. If the Commission determines that an expenditure was not made for direct campaign purposes, the Commission may order the candidate to repay the Fund with personal monies.

If a candidate receives funding from the Commission but fails to qualify for the primary ballot, the candidate must:

- Return to the Fund all monies in the candidate's campaign bank account above the amount sufficient to pay any unpaid bills for expenditures made before the date the candidate failed to qualify for the primary ballot; and
- Return to the Commission, within fourteen days of the date the candidate failed to qualify for the primary ballot, all remaining assets purchased with clean election funding in that election cycle, including political signs; and
- Repay any monies paid to a family member unless the participating candidate demonstrates that the payment made was for goods or services actually provided before disqualification of the candidate and the payment was for fair market value.

Prohibited Use of Campaign Funds

The following is a list of prohibited campaign expenditures. Candidates are encouraged to use discretion when spending campaign funds; this list is not all-inclusive. If you have questions, please contact Commission staff immediately.

1. Cost of legal defense in any campaign law enforcement proceeding.
2. Food and beverages for staff and volunteers exceeding \$11.00 for breakfast, \$16.00 for lunch, and \$27.00 for dinner.
3. Personal use, which includes:
 - Household food items or supplies;
 - Clothing, other than items of de minimis value that are used in the campaign, such as campaign "T-shirts" or caps with campaign slogans;
 - Tuition payments, other than those associated with training campaign staff;
 - Mortgage, loan, rent, lease or utility payments:
 - For any part of any personal residence of the candidate or a member of the candidate's family; or
 - For real or personal property that is owned or leased by the candidate or a member of the candidate's family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage;
 - Admission to a sporting event, concert, theater, or other form of entertainment, unless part of a specific campaign activity;
 - Dues, fees or gratuities at a country club, health club, recreational facility or other nonpolitical organization, unless they are part of the costs of a specific fundraising event that takes place on the organization's premises; and
 - Gifts or donations.
4. Fixed assets with a value in excess of \$800, provided that the item is for campaign use.

chapter five

Transportation Expenses

If a candidate travels for campaign purposes in a privately owned vehicle, the candidate may use campaign funds to reimburse the owner of the vehicle for the transportation costs. The reimbursement shall be reported as an expenditure and may not exceed 44.5 cents per mile.

Transportation mileage expenditures must be reimbursed during the reporting period in which they occur AND must be reported on the candidate's campaign finance reports.

A participating candidate may make direct fuel expenditures so long as the candidate is utilizing the candidate's personally owned vehicle and keeps a travel log regarding campaign miles traveled.

If a candidate travels for campaign purposes in a privately owned airplane, the candidate shall use campaign funds to reimburse the owner of the airplane at a rate of \$150 per hour of flying time, in which event the reimbursement shall be reported as an expenditure. If the owner of the airplane is unwilling or unable to accept reimbursement, the candidate shall pay to the Commission an amount equal to \$150 per hour of flying time.

If a candidate rents a vehicle or purchases a ticket or fare on a commercial carrier for campaign purposes, the actual costs of such rental (including fuel costs), ticket or fare shall be reported as an expenditure.

Mileage Reimbursement Form

If a candidate chooses to use campaign funds to reimburse, the candidate shall maintain a travel log. The travel log shall include the name and type of event(s) attended, miles traveled, and the rate at which the reimbursement was made. A candidate may choose to develop their own form or use the Commission mileage reimbursement form. The Commission mileage reimbursement form can be found at the Citizens Clean Elections Commission website:

<http://www.azcleelections.gov/docs/default-source/forms/mileage-reimbursement-form.pdf?sfvrsn=2>

Use of Assets from a Prior Election

A participating candidate may use assets from a prior election cycle, such as signs, pamphlets and office equipment, only after the candidate's current campaign committee purchases the assets from the previous campaign committee. The purchase must be made for an amount equal to the fair market value of the assets which shall be at least one-fifth (1/5) the original purchase price.

Prior assets may NOT be utilized by the campaign until payment has been made.

If the candidate was a participating candidate during the prior election cycle, the payment for the assets shall be made to the Commission. If the candidate was a traditional candidate during the prior election cycle, the payment shall be made to the prior campaign. If the prior campaign account of a traditional candidate is closed, the payment shall be made to the candidate.

Disposal of Fixed Assets

Fixed assets (items that have value and function beyond the election) purchased with campaign funds that can be used for non-campaign purposes, with a value of \$200 or more, shall be submitted to the Commission no later than 14 days after the primary election or the general election if the candidate was successful in the primary. For purposes of determining whether a fixed asset is valued at \$200 or more, the calculation shall include any accessories purchased for use with the fixed asset in question.

A candidate may elect to reimburse the Commission for 80% of the original purchase price of the item instead of submitting the item to the Commission. Candidates need to retain the original sales receipt for submitting or purchasing fixed assets.

Food and Beverages Expenses

Participating candidates may use campaign monies to pay for food and beverages if the expenditure is directly related to the campaign, such as refreshments provided at a fundraiser. Any payment for food and beverages made by a person for the purpose of influencing an election shall be reported as a campaign expenditure. Participating candidates are limited to making food expenditures of \$11.00 per person for breakfast, \$16.00 per person for lunch, and \$27.00 per person for dinner. The Commission recommends that the treasurer maintain documentation of each food expenditure and the number of people who ate, as participating candidates have the burden of proving that they have adhered to the food expenditure limits.

Act & Rules References for Chapter 5

Use of Campaign Funds
A.A.C. R2-20-101(6)
A.A.C. R2-20-702
A.A.C. R2-20-702(4)

Use of Assets
A.A.C. R2-20-702.01

Transportation
Expenses
A.A.C. R2-20-109(C)

Fixed Assets
A.A.C. R2-20-702(D)

6 Commission Sponsored Debates & Candidate Statement Pamphlets

DEBATES

Participating candidates are required to attend Commission sponsored debates held in both the primary and general election periods. Traditional candidates are also invited and encouraged to attend. The Commission ensures the debates are carried out in a strictly nonpartisan and professional manner. Only those candidates appearing on the primary or general election ballot are eligible to participate in the Commission sponsored debates. All candidates must appear in person, not by proxy or electronically, unless to accommodate a disability. For a participating candidate who has non-participating opponents not attending the debate, the participating candidate is still required to participate in a thirty minute question and answer session. **Unless exempt, if a participating candidate fails to participate in any Commission sponsored debate, the candidate can be fined \$1,000.**

Request for Exemption

A participating candidate may request to be exempt from participating in a required debate by submitting a written request to the Commission at least one week prior to the scheduled debate. The written request must state the reason and circumstance justifying the request for exemption. The Commission will exempt a candidate from participating in a debate if at least three Commissioners determine that the circumstances are:

- Beyond the control of the candidate;
- Of such nature that a reasonable person would find the failure to attend justifiable or excusable; or
- Of good cause, which includes illness or absence from the state at the time of the debate.

Request for an Excused Absence

A participating candidate who fails to attend a required debate without prior exemption from the Commission is subject to a \$1,000 fine. The candidate may submit a request for reconsideration to the Commission. The candidate's request for reconsideration shall state the reason the candidate failed to participate in the debate. The statement must be submitted to the Commission no later than five business days after the date of the debate the candidate failed to attend. The Commission will forgo the \$1,000 fine if a majority determines that the circumstances were:

- Beyond the control of the candidate;
- Of such nature that a reasonable person would find the failure to attend justifiable or excusable; or
- Of good cause, which includes illness or absence from the state at the time of the debate.

Exceptions to Debate Participation

- No debate will be held if there is no participating candidate in the election for the particular office and if there are no requests from a non-participating candidate for the Commission to sponsor a debate.
- Write-in candidates, Independent candidates, and those candidates with no party affiliation will not be invited to participate in the primary election debate.
- Write-in candidates for the general election will not be invited to participate in the general election debate.

CANDIDATE STATEMENT PAMPHLETS

The candidate statement pamphlets are nonpartisan, comprehensive sources of information for Arizona voters. Before the start of early voting for each election, the Commission will produce and mail primary and general election candidate statement pamphlets to every household in Arizona that has a registered voter.

Participating and traditional candidates may supply the Commission with a picture and statement for inclusion in the pamphlets. All candidates who will appear on either the primary or general election ballot may submit a statement and photograph by the deadline. The pamphlets will include the office for which the candidate is running, as well as the candidate's name, photograph, party affiliation, funding source, web address and statement.

Statements

The statements are to be no more than 200 words in length. The Commission will allow candidates to submit separate statements for the primary and general election pamphlets. If a candidate submits a statement for the primary election pamphlet and does not submit a new statement for the general election pamphlet, the statement from the primary election pamphlet will be used for the general election pamphlet. The Commission will only accept statements electronically through the Commission's website, www.azcleanelections.gov. **Statements that exceed the allotted 200 words will NOT be accepted.** The statement word count will be verified by Microsoft Word.

Photographs

The Commission will accept digital photos only and shall be limited to headshots. A statement can be submitted without having submitted a photograph, or vice versa. Candidates can submit digital photos through the Commission's website when uploading the candidate's statement. If a candidate submits a photo for inclusion in the primary election pamphlet, the same photo will be used for the general election pamphlet. Photos for inclusion in the general election pamphlet will only be accepted from candidates who did not submit a photo for inclusion in the primary election pamphlet.

Submission Deadlines

Primary election statements and photographs shall be filed electronically no later than midnight on June 10, 2016 for inclusion in the primary election pamphlet. General election statements and photographs shall be filed electronically no later than midnight on September 6, 2016. **The Commission cannot accept late submissions for inclusion in the pamphlets.** All statements will appear in the pamphlets exactly as they are submitted. The Commission will not permit changes to statements after they have been submitted online. Upon request, candidates may visit the Commission's office and utilize a public computer in order to submit statements.

INDEPENDENT CANDIDATES

Debates & Candidate Statement Pamphlet

Only candidates who appear on the primary election ballot will be included in the primary election candidate statement pamphlet and participate in the Commission sponsored primary election debate. Independent candidates are eligible to appear in the general election candidate statement pamphlet and are required to attend the Commission sponsored general election debate.

Act & Rules References for Chapter 6

Candidate Debates & Candidate Statements:
A.R.S. § 16-956, A.A.C. R2-20-107

7 Non-Participating Candidates

How to Become a Non-Participating Candidate

Statement of Organization

Each candidate who intends to receive contributions or make expenditures of \$500 or more shall file a Statement of Organization in order to establish the candidate's campaign committee. An individual must file a Statement of Organization *before*:

- Making any expenditures;
- Accepting any contributions;
- Distributing any campaign literature; or
- Circulating any petitions.

The Statement of Organization must be filed with the Secretary of State's office and must include the following:

1. The name, address and type of committee.
2. The names, addresses, telephone numbers, occupations and employers of the chairman and treasurer of the committee. It is permissible for a candidate to be the chairman and treasurer of his or her own campaign committee.
3. Name of the banking institution used by the committee.
4. The name, address, office sought and party affiliation of the candidate. Candidates for the Legislature must indicate in which district they are running.
5. Signatures for the candidate, chairman and treasurer are required. If a candidate is acting as his/her own chairman and treasurer, the candidate must sign in all three designated places.

Nomination Petitions & Papers (Filed May 2, 2016 - June 1, 2016)

All candidates must either be an Independent or meet the following criteria:

- Must have properly filed nominating papers and nominating petitions with signatures in the primary election of a political party entitled to continued representation on the official ballot; or
- Must be a party nominee of a political party recognized on the official general election ballot.

Candidates must file nomination petitions with the Secretary of State's office before the deadline of June 2, 2016 at 5:00 pm. For more information regarding candidate nomination petitions, please visit azsos.gov.

Resign to Run Law

The resign to run law applies to incumbent elected officers who seek election to any public office other than the office the incumbent is currently holding. If an elected official wishes to declare his or her candidacy anytime before the final year of the term being held, the officeholder must first resign his or her office. An incumbent shall be deemed to have offered himself for nomination or election on the filing a nomination paper pursuant to A.R.S. § 16-311(A). An incumbent is not deemed to have offered himself for nomination or election to an office by making a formal declaration of candidacy for the office.

chapter seven

NON-PARTICIPATING CANDIDATE CONTRIBUTION LIMITS & REPORTS

Definition of Contribution

"Contribution" means any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing an election.

See Chapter 4 for more information about contributions.

Contribution Limits

Non-participating candidates must adhere to the contribution limits set forth in the Clean Elections Act A.R.S. § 16-941 (B). As of July 3, 2015, the limits for statewide and legislative candidates can be found in the table below.

	CANDIDATE COMMITTEES	
CONTRIBUTOR	STATEWIDE CANDIDATE	LEGISLATIVE CANDIDATE
Individual May Give	\$5,000	\$5,000
Partnership May Give	\$5,000	\$5,000
Corp., Union, LLC May Give	PROHIBITED	PROHIBITED
Political Committee (PACs) May Give	\$5,000	\$5,000
Super PACs May Give	\$10,000	\$10,000
Political Party/Party Organization May Give	Party Nominee Cannot Accept more than \$80,000	Party Nominee Cannot Accept more than \$8,000

Any non-participating candidate, who accepts a contribution other than those permitted by A.R.S. § 16-941(B), is subject to the civil penalties set forth in the Act and enforced by the Commission.

Campaign Finance Reports

Non-Participating candidates must file campaign finance reports in accordance with A.R.S. §§ 16-913 and 16-916. Please see page 29 of this guide.

Act & Rules References for Chapter 7

Statement of Organization
A.R.S. § 16-903

Nomination Petitions, Papers
& Qualifications
A.R.S. § 16-311

Resign to Run
A.R.S. § 38-296

Campaign Finance Reports
A.R.S. § 16-913
A.R.S. § 16-913.01
A.R.S. § 16-915
A.R.S. § 16-948

Contributions & Expenditures
A.R.S. § 16-901
A.R.S. § 16-905
A.R.S. § 16-941

8 Enforcement Matters, Complaints & Audits

COMPLAINTS AGAINST PARTICIPATING CANDIDATES

Externally Generated Complaints

Any person may file a complaint against a candidate if it is believed a violation of the Act or Commission rules has occurred. The complaint must contain the full name and address of the complainant as well as a clear and concise recitation of the facts which describe a violation of statute or rule. The complaint may be accompanied by any supporting documentation. ***The complaint must be written, sworn to, signed in the presence of a notary public, and notarized.*** The Commission will **NOT** accept verbal or anonymous complaints.

The Commission will send an acknowledgement to the complainant and send a copy of the complaint to the respondent. If the complaint does not comply with the Commission requirements, the Commission shall notify the complainant and the respondent and the complainant may resubmit the complaint.

The Commission will not consider any external complaints that have been filed either more than 90 days after the post-election report or more than 90 days after the canvas for that election, whichever is later.

Internally Generated Complaints

The Commission staff may initiate an internally generated complaint against a candidate. The complaint is handled in an identical manner to an externally generated complaint, with the Commission acting as the complainant.

Response to a Complaint

Within 5 days after receiving a complaint, the Commission will send notice of the complaint along with a copy of the complaint to the respondent.

The respondent has 5 days to provide the Commission with a written response to demonstrate that no action should be taken on the basis of the complaint. ***The response must be written, sworn to, and notarized.*** The respondent's failure to respond within 5 days of receiving the written notice and copy of the complaint may be viewed as an admission to the allegations made in the complaint for purposes of the reason to believe finding.

Executive Director Recommendation

The Executive Director will review the written complaint, the respondent's written response, campaign finance reports and any supporting documentation provided by the complainant and respondent. The Executive Director shall make a recommendation to the Commission at a public Commission meeting whether or not there is reason to believe a violation has occurred. An investigation may include the use of the Commission's subpoena powers if needed to obtain all pertinent records. If the Commission decides that there is no reason to believe a violation has occurred, the matter will be closed and both parties will be notified in writing. If at least three of the five commissioners find that there is reason to believe a violation has occurred, the Commission staff will open an investigation into the matter.

COMPLAINTS AGAINST NON-PARTICIPATING CANDIDATES

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Response to a Complaint

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The respondent has 5 days to provide the Commission with a written response to demonstrate that no action should be taken on the basis of the complaint. *The response must be written, sworn to, and notarized.* The respondent's failure to respond within 5 days of receiving the written notice and copy of the complaint may be viewed as an admission to the allegations made in the complaint for purposes of the reason to believe finding.

Commission Inquiry Approval

If the complaint relates to a violation of A.R.S. §16-941(B) by a non-participating candidate or that candidate's campaign committee, the Executive Director will not proceed to a recommendation to the Commission on whether it should find reason to believe that a violation may have occurred, without first receiving the Commission's approval to initiate an inquiry.

The Commission's decision to authorize an inquiry is not an appealable agency action.

Executive Director Recommendation

After the Commission approves an inquiry into a complaint regarding a non-participating candidate, the Executive Director will review the written complaint, the respondent's written response, campaign finance reports and any supporting documentation provided by the complainant and respondent. The Executive Director shall make a recommendation to the Commission at a public Commission meeting whether or not there is reason to believe a violation has occurred. An investigation may include the use of the Commission's subpoena powers if needed to obtain all pertinent records. If the Commission decides that there is no reason to believe a violation has occurred, the matter will be closed and both parties will be notified in writing. If at least three of the five commissioners find that there is reason to believe a violation has occurred, the Commission staff will open an investigation into the matter.

CIVIL PENALTIES

The Commission has the authority to assess civil penalties on both participating and non-participating candidates.

- The civil penalty for a violation of any contribution or expenditure in § 16-941 by or on behalf of a participating candidate shall be ten times the amount by which the expenditures or contributions exceed the applicable limit.
- A person who violates § 16-941(B) is subject to a civil penalty of three times the amount of money that has been received, expended, or promised in violation of § 16-941(B) or three times the value in money for an equivalent of money or other things of value that have been received, expended, or promised in violation of § 16-941(B).
- The civil penalty for a violation by or on behalf of any candidate of any reporting requirement shall be \$160 per day for candidates for the legislature and \$440 per day for candidates for statewide office. The penalty imposed shall be doubled if the amount not reported for a particular election cycle exceeds 10% of the adjusted primary or general election spending limit. No penalty imposed shall exceed twice the amount of the expenditures for contributions not reported.
- Any campaign finance report indicating a violation of § 16-941 (A), (B), or (C)(1) involving an amount in excess of 10% of the sum of the adjusted primary election spending limit and the adjusted general election spending limit for a particular candidate shall result in disqualification of a candidate or forfeiture of office.
- Any participating candidate adjudged to have committed a knowing violation of § 16-941 (A), (B), or (C)(1) shall repay from the candidate's personal monies to the fund all monies expended from the candidate's campaign account and shall turn over the candidate's campaign account to the fund.
- If the Commission has reason to believe a participating candidate is not in compliance with the Act or rules, the Commission may decertify a candidate, deny or suspend funding, order repayment of funds, impose a penalty not to exceed \$1,000 for a candidate for the legislature and \$5,000 for a candidate for statewide office.
- If the Commission has reason to believe a person other than a participating candidate is not in compliance with the Act or rules, then in addition to other penalties under the law, the Commission may impose a penalty not to exceed \$1,000.

All civil penalties collected by the Commission are deposited into the Clean Elections Fund.

chapter eight

AUDITS

The Commission will conduct audits of candidates within randomly selected districts. The Commission may also initiate an audit to aid in the investigation of an enforcement action. The Commission contracts with an independent accounting firm to conduct all auditing work.

If a candidate is selected for an audit, the Commission will notify the candidate. The accounting firm will contact the candidate to explain the auditing process. The candidate must make all books and records available to the Commission and the accounting firm and must have personnel familiar with the records available to answer questions.

After completion of the fieldwork, the accounting firm prepares a written preliminary audit report. The preliminary audit report will include an evaluation of procedures and systems employed by the candidate to comply with the Act and Commission rules and the accuracy of statements and campaign finance reports filed with the Secretary of State. Upon approval of the preliminary audit report by the Executive Director, the candidate has 10 days to submit a written response.

Taking into consideration any written comments provided by the candidate, the accounting firm will provide the Commission with a final audit report. The final audit report may include the identification of issues that warrant referral for possible enforcement proceedings. At the public meeting, the Commission will vote to approve the final audit report. The candidate will be provided with the final audit report at least 24 hours before the public meeting.

Act & Rules References for Chapter 8

Enforcement

A.R.S. § 16-942
A.R.S. § 16-943
A.R.S. § 16-957
A.A.C. R2-20-201 et seq.

Audits

A.A.C. R2-20-101(2)
A.A.C. R2-20-401 et seq
A.A.C. R2-20-402.01.

Civil Penalties

A.R.S. § 16-942
A.A.C. R2-20-222

9 Independent Expenditures & Clean Elections

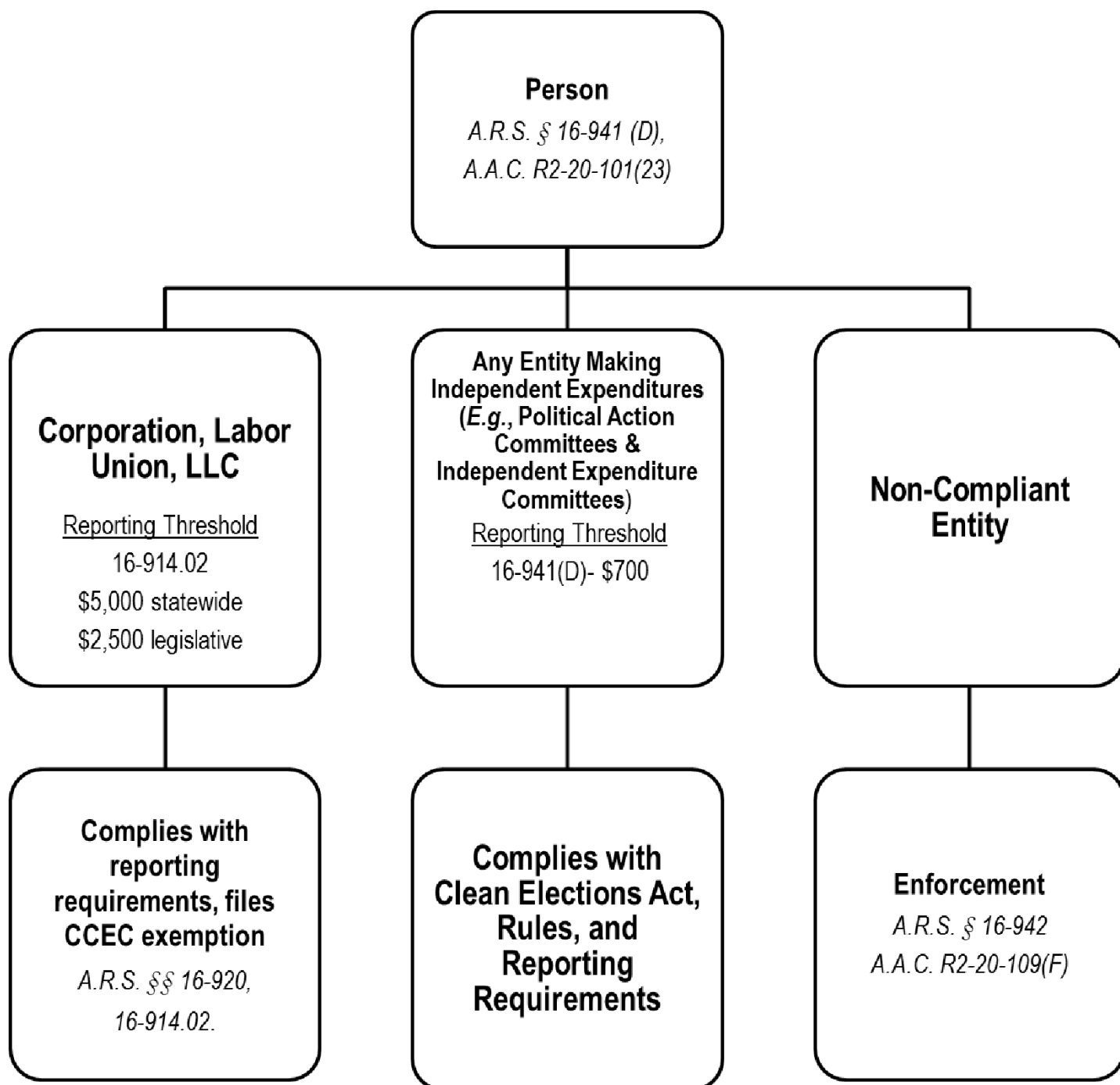
What is an Independent Expenditure?

An independent expenditure is an expenditure (i.e., campaign literature and advertisements) by a person—an individual, political committee, or any other entity—other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, that is made without cooperation or consultation with any candidate or committee or agent of the candidate and that is not made in concert with or at the request or suggestion of a candidate, or any committee or agent of the candidate.

What is NOT an Independent Expenditure?

An expenditure by a political committee, person or entity that does not meet the definition of an independent expenditure is considered to be an in-kind contribution to the candidate, and a corresponding expenditure by the candidate, unless otherwise exempted. An expenditure is NOT an independent expenditure if any of the following applies:

- Any officer, member, employee or agent of the political committee making the expenditure is also an officer, member, employee or agent of the committee of the candidate whose election or whose opponent's defeat is being advocated by the expenditure or an agent of the candidate whose election or whose opponent's defeat is being advocated by the expenditure.
- There is any arrangement, coordination or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure, including any officer, director, employee or agent of that person.
- In the same election the person making the expenditure, including any officer, director, employee or agent of that person, is or has been:
 - Authorized to raise or expend monies on behalf of the candidate or the candidate's authorized committees.
 - Receiving any form of compensation or reimbursement from the candidate, the candidate's committees or the candidate's agent.
- The expenditure is based on information about the candidate's plans, projects or needs, or those of his campaign committee, provided to the expending person by the candidate or by the candidate's agents or any officer, member or employee of the candidate's campaign committee with a view toward having the expenditure made.
- Note: The actions of an officer, director, employee or agent of a trade association organized and recognized by the United States internal revenue service under section 501(c)(6) of the internal revenue code are not attributable to the trade association making an independent expenditure if all of the following apply:
 - The officer, director, employee or agent did not participate in any way in deciding to make an independent expenditure or in deciding the content, timing or targeting of an independent expenditure.
 - The trade association had an express written policy describing the requisite separation and the officer, director, employee or agent followed it.
- Note: Serving on a host committee for a fund-raising event does not presumptively demonstrate any arrangement, coordination or direction.



Independent Expenditure Reporting

State law requires disclosures of independent expenditures. Any person, including an individual, a political committee, or any other entity, who makes more than \$700 in independent expenditures cumulatively in a single election cycle must file an independent expenditure disclosure report. A supplemental campaign finance report must be filed by the next due date when previously unreported independent expenditures exceed \$1,000.

Each independent expenditure reported must include a designation of the office and the candidate(s) whose election or defeat is being advocated, and whether the independent expenditure advocates the election or the defeat of the candidate(s). The campaign finance software provides designated areas to enter the required information.

Some entities (corporations, labor organizations, and LLCs) may seek an exemption from the Clean Elections independent expenditure reporting requirements and choose to file reports pursuant to A.R.S. § 16-914.02.

Clean Elections Independent Expenditure Reporting Dates

1st of every month through June 1, 2016	1/2/16, 2/1/16, 3/1/16, 4/1/16, 5/1/16, 6/1/16
Every Tuesday beginning with the Primary Election Period (6/28/16 - 8/9/16)	6/28/16, 7/2/16, 7/12/16, 7/19/16, 7/26/16, 8/2/16, 8/9/16
Daily starting two weeks before the Primary Election (8/16/16 - 8/30/16)	8/16, 8/17, 8/18, 8/19, 8/22, 8/23, 8/24, 8/25, 8/26, 8/29, 8/30
Every Tuesday during the General Election Period (8/31/16 – 10/18/16)	9/6/16, 9/13/16, 9/20/16, 9/27/16, 10/4/16, 10/11/16, 10/18/16
Daily starting two weeks before the General Election (10/25/16 - 11/8/16)	10/25, 10/26, 10/27, 10/28, 10/31, 11/1, 11/2, 11/3, 11/4, 11/7, 11/8

Failure to File Penalties

The Commission may impose a penalty of \$440 a day for violations related to a statewide election and \$160 a day for violations related to a legislative election, for each day the person, political committee, or other entity failed to comply. The penalties shall be doubled if the amount not reported for a particular election cycle exceeds the applicable primary or general spending limit.

chapter nine

Exemptions from Independent Expenditure Reporting

Entities such as corporations, labor organizations, and LLCs, are permitted by law to make independent expenditures and contributions to independent expenditure committees. These entities may be exempt from the Clean Elections independent expenditure reporting requirements. If the exemption applies, such entities are still subject to the independent expenditure reporting requirements for A.R.S. § 16-914.02. Any corporation, limited liability company, or labor organization may apply for an exemption from the Commission, if all of the following are true:

- The organization was not organized primarily for the purpose of influencing an election;
- The organization does not accept, and does not intend during the election cycle to accept, any donations or contributions for the purpose of influencing elections;
- The organization is in compliance with, and intends to remain in compliance with, the reporting requirements of A.R.S. § 16-914.02, other than subsection (K); and
- The organization has or intends to spend more than the \$5,000 for statewide races and \$2,500 for legislative races.

Unless the request for exemption is incomplete or the Commission's Executive Director is aware that any statement on the request is untrue or incorrect, the Executive Director shall grant the exemption. If the Executive Director deems the request for exemption to be incomplete, the person may reapply within two weeks of the denial. The denial of a request for exemption pursuant to this subsection is an appealable agency action.

The Clean Elections Exempt Organization Application Form can be found at azcleaselections.gov

Enforcement & Penalties

The Commission will consider complaints that allege an exempt organization has provided false information in an application, violated the terms of the exemption, or violated reporting requirements or whether any person has failed to file reports pursuant to A.R.S. §§ 16-914.02, -920, 941(D), -942(B), and -958. The Commission may impose penalties pursuant to the Citizens Clean Elections Act and Rules.

Act & Rule References for Chapter 9

Independent Expenditures

A.R.S. § 16-901(14)
A.R.S. § 16-917
A.R.S. § 16-911

Reporting Requirements

A.R.S. § 16-941(D)
A.R.S. § 16-958
A.A.C. R2-20-109(F)

Permitted Expenditures & Exempt Corporations

A.R.S. § 16-920
A.A.C. R2-20-109(F)

Complaints

A.A.C. R2-20-109(F)(9)

Penalties

A.A.C. R2-20-109(F)(3)

Reporting Dates

A.R.S. § 16-958

Act: Abbreviation for the Clean Elections Act.

Adjusted Spending Limit: The original spending limit as further adjusted to account for reported overages by traditional candidates or independent expenditures.

Citizens Clean Elections Fund: The account through which participating candidates receive public funds, also referred to as the Fund.

Commission: Citizens Clean Elections Commission.

Contribution: Anything of value, including gifts, loans, in-kind contributions, advances or deposits of money, made for the purpose of influencing an election. *See chapter 4.*

Expenditure: Any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value made by a person of influencing an election, including a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received. *See chapter 4.*

Election Cycle: The period between successive general elections for a particular office.

Exploratory Period: The period beginning on the day after a general election and ending the day before the start of the qualifying period.

Extension of Credit: The delivery of goods or services or the promise to deliver goods or services to a candidate in exchange for a promise from the candidate to pay for such goods or services at a later date.

Fair Market Value: The amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Family Contribution: Any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

Fixed Asset: Tangible property usable in a capacity that will benefit the candidate for a period of more than one year from the date of acquisition.

Fund: Citizens Clean Elections Fund; the account through which participating candidates receive public funds. The fund receives monies from a ten percent surcharge on all civil and criminal penalties, five dollar tax check off on individual state income tax forms, donations, qualifying contributions and Commission assessments.

General Election Period: The period beginning on the day after primary election day and ending on general election day.

General Election Spending Limits: The level of funding that participating candidates receive from the Fund for the general election period.

Independent Candidate: A candidate who is not affiliated with a party recognized on the ballot.

Independent Expenditure: An expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, and that is made without cooperation or consultation with any candidate, candidate committee or candidate agent.

glossary of terms

In-Kind Contribution: A contribution of goods or services or anything of value that is not a monetary contribution.

One-Party-Dominant Legislative District: A legislative district in which one political party exceeds another political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts prior to March 31st of an election year.

Original Spending Limit: A limit specified by primary election spending limits and general election spending limits, or a special amount expressly set for a particular candidate (i.e., unopposed or Independent candidates).

PAC: political action committee acronym.

Participating Candidate: A candidate who becomes certified as participating pursuant to A.R.S. § 16-947, and receives public funding to run his or her campaign.

Personal Monies: Assets to which the candidate has legal right; salary and other earned income from candidate employment; dividends and proceeds from the sale of stocks or investments; income from trusts; proceeds of loans obtained that are not contributions; proceeds from legal games of chance; and *family contributions*.

Political Committee: A candidate, association or combination of persons organized for the purpose of influencing the result of any election. This includes political activity advocating the election or defeat of a candidate for election, an initiative, referendum, recall, measure or proposition.

Primary Election Period: The nine-week period ending on primary election day.

Primary Election Spending Limits: The level of funding that participating candidates receive from the Fund for the primary election period.

Qualifying Period: The period beginning on the first day of August in a year preceding an election year and ending 75 days before the day of the general election.

Statewide Office: Those offices that hold control over the entire state, not a certain portion within the state. Statewide offices include governor, secretary of state, state treasurer, attorney general, superintendent of public instruction, corporation commissioner and mine inspector.

Surplus Monies: The remainder of a political committee's money after all of its expenditures have been made and its debts have been extinguished.

Traditional Candidate: A candidate who does not become certified as a participating candidate under the Clean Elections Act, and, consequently, does not receive public funding to run his or her campaign.

Unopposed: With reference to state senate candidates and statewide candidates other than corporation commission, that the candidate is opposed by no candidates who will appear on the ballot. In reference to candidates for the house of representatives and corporation commission, "unopposed" means that no more candidates will appear on the ballot than the number of seats available for the office sought. For purposes of funding pursuant to ARS 16-951, "unopposed" means that the candidate is unopposed for both the primary election and the general election.

Citizens Clean Elections Commission

1616 W. Adams, Suite 110
Phoenix, AZ 85007
(602) 364-3477
(602) 364-3487 fax
1-877-631-8891 toll free
ccec@azcleaselections.gov
www.azcleaselections.gov

Citizens Clean Elections Commissioners

Thomas J. Koester, Chairman
Independent, Pima County

Mitchell C. Laird
Republican, Maricopa County

Steven M. Titla
Democrat, Gila County

Damien Meyer
Democrat, Maricopa County

Mark Kimble
Independent, Pima County

Secretary of State's Office

Administration / Elections:
Capitol Executive Tower 7th Floor
1700 West Washington Street
Phoenix, AZ 85007-2888
(602)542-4285 or (800)458-5842
(602) 542-6172 fax
elections@azsos.gov
www.azsos.gov

Commission Staff

Thomas M. Collins
Executive Director

Sara A. Larsen
Financial Affairs & Compliance Officer

Gina Roberts
Voter Education Manager

Mike Becker
Policy Director

Paula Thomas
Executive Officer

Alec Shaffer
Executive Support Specialist