

STATE OF ARIZONA
Citizens Clean Elections Commission
2005 ANNUAL REPORT



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Janet Napolitano
Governor

Todd Lang
Executive Director



Marcia Busching
Chair

Kathleen Detrick
Ermila Jolley
Tracey Bardorf
Gary Scaramazzo
Commissioners

State of Arizona
Citizens Clean Elections Commission

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To The Honorable Janet Napolitano
Governor of Arizona

March 1, 2006

Dear Governor Napolitano:

Pursuant to Arizona Revised Statutes (A.R.S.) § 16-956(B)(3), the Citizens Clean Elections Commission (Commission) submits its 2005 Annual Report.

In 1998, the voters of Arizona passed the Citizens Clean Elections Act. The Commission celebrates these seventh anniversary of the Act through the continued commitment of upholding the letter and spirit of the Act. With the knowledge and experience gained through the last three election cycles, the Commission strives to improve the effectiveness of the administration of the public funding program, voter education, and candidate training.

The Commission accomplished its goals set in 2005, and looks forward to a productive and successful election year.

Respectfully Yours,

A handwritten signature in black ink that reads "Marcia Busching". The signature is written in a cursive, flowing style.

Marcia Busching, Chair

EXECUTIVE SUMMARY

The Citizens Clean Elections Commission is charged with the administration of the Clean Elections Act. Although 2005 was not an election year, the Commission remained active on a variety of levels.

Throughout 2005, the Citizens Clean Elections Commission (Commission) continued to implement and administer the Citizens Clean Elections Act by issuing new regulations and by improving the process to disburse public funding to qualified candidates. The Commission also emphasized education of Arizonans and accessibility of information provided to the public. A January, 2006 telephone survey conducted by the Behavior Research Center demonstrated that the effort of 2005 was important. Of those surveyed, 49% of respondents were not familiar with the program. But the survey revealed that among those with an awareness of the Clean Elections Act, an overwhelming 85% felt it was somewhat or very important that the Clean Elections Act continue.

Commission staff conducted training classes across the state throughout the year, including 25 speaking engagements to civic groups in 2005. In October 2005 staff began the Participating Candidate Workshops for the 2006 election cycle. In addition to providing information about the Clean Elections Act, the workshops also provided instruction on the use of the campaign finance software, all campaign finance reporting requirements, and bookkeeping.

The majority of complaints regarding the 2004 election cycle were resolved in 2005. Of the fifty-three 2004 election cycle enforcement cases resolved in 2005, 43 were dismissed, one was dismissed without prejudice, eight were settled, and one resulted in an enforcement order.

The Clean Elections Fund revenue steadily increased over the year. The Fund was at \$26.2 million at the end of 2005. Much of this balance will be used to fund participating legislative and statewide candidates for the 2006 election. After the election cycle, the Commission will review the four-revenue projections and will determine if any monies can be given to the Arizona General Fund.

INTRODUCTION TO THE COMMISSION

Mission Statement:

To fairly, faithfully and fully implement and administer the Arizona Citizens Clean Elections Act.

Vision Statement:

Through the successful implementation of the Arizona Citizens Clean Elections Act, the Commission seeks to improve the integrity of Arizona state government and promote public confidence in the Arizona political process.

Authority:

The Citizens Clean Elections Commission was established by the enactment of the Citizens Clean Elections Act, A.R.S., Title 16, Chapter 6, Article 2. In addition to administering the provisions of Article 2, the Commission promulgates rules and enforces A.R.S. §§ 16-940 through 16-961.

Membership:

The Commission consists of 5 members:

- No more than 2 shall be members of the same political party.
- No more than 2 shall be residents of the same county.
- No one shall be appointed who does not have a party registration that has been continuously recorded for at least 5 years immediately preceding appointment, with the same political party or as an independent.
- Each candidate shall be a qualified elector who has not, in the previous 5 years in this state, been appointed to, elected to or run for any public office, including precinct committeeman, or served as an officer of a political party.
- A member of the Commission shall serve no more than one term and is not eligible for reappointment.
- No Commissioner, during his or her tenure or for 3 years thereafter, shall seek or hold any other public office, serve as an officer of any political committee or employ or be employed as a lobbyist.

Function:

The Commission holds regular monthly meetings, which are open to the public. The Commission annually elects a chair. In December 2004, Commissioner Marcia Busching was elected as the Chair of the Commission for 2005.

Core functions of the Commission include provision of public funding to qualified candidates; publishing voter education pamphlets and sponsoring debates; administering the Clean Elections Fund; and enforcing campaign finance laws.

Voter Education

- Prior to the primary and general elections, the Commission shall publish a candidate statement pamphlet for statewide and legislative office candidates to be mailed to every household that contains a registered voter.
- The Commission shall sponsor debates among candidates, require participating candidates to attend and participate in debates, and invite nonparticipating candidates to participate in debates.

Clean Elections Fund

- The Commission shall ensure that money from the Fund is placed in candidate campaign accounts or otherwise spent as specified in the Act and not otherwise.
- The Commission shall ensure that money required by the Act to be paid to the Fund is deposited in the Fund.

Enforcement

- The Commission shall monitor reports and financial records of candidates as needed to ensure that equalization monies are paid promptly to opposing qualified candidates.

COMMISSION MEMBERS

Marcia Busching, Chair - Democrat - Maricopa County

Maricopa County resident Marcia J. Busching was appointed by Governor Janet Napolitano to the Citizens Clean Elections Commission in 2003 for a term that will expire in 2008. Ms. Busching received her Bachelor's and Master's degrees in business administration and law degree from the University of Wisconsin-Madison. She was a practicing business and real estate lawyer in Arizona from 1977-2004, and listed in Best Lawyers in America for over eighteen years. She is now an arbitrator for the American Arbitration Association--on their Commercial, Construction, Master Construction, and Large Complex Case Panels. In addition she owns a real estate development company, which is developing residential lots, and she is active in community affairs.

Kathleen S. Detrick – Independent - Pima County

Attorney General Janet Napolitano appointed Tucson resident Kathleen Detrick to the Citizens Clean Elections Commission in 2001 for a term that will expire in 2006. Ms. Detrick has served as the City Clerk and Campaign Finance Administrator for the City of Tucson, Arizona since 1991. The City Clerk is a Charter officer appointed by the Mayor and Council for a two-year term of office. The Campaign Finance Administrator serves at the will of the Mayor and Council. Ms. Detrick has been employed by the Tucson City Clerk's office since 1971. In 1981 Ms. Detrick was appointed Chief Deputy City Clerk and served as the City Elections Director from 1981 until the appointment as City Clerk in 1991. The City of Tucson has the only other public campaign-funding program in the State of Arizona and has been used as a model by other jurisdictions interested in implementing a similar program. Ms. Detrick was a member of the team that developed the Tucson public campaign-funding program and has been part of the administration of the program since its approval by electorate in 1985.

Ermila Jolley – Democrat - Yuma County

Governor Jane Hull appointed Yuma resident Ermila Jolley to the Citizens Clean Elections Commission in 2002 for a five-year term that will expire in 2007. She is filled the seat formerly held by Commissioner Carl Lopez, a Tucson resident. Ms. Jolley was appointed to the Yuma County Redistricting Commission in May 2001 and currently serves as president of the Yuma Community Hispanic Forum. Ms. Jolley also served a Democratic precinct committee person in Yuma County until 1992.

Ms. Jolley received her bachelor degree from the Northern Arizona University.

Tracey A. Bardorf – Republican - Maricopa County

Secretary of State Jan Brewer appointed Scottsdale resident Tracey A. Bardorf to the Citizens Clean Elections Commission in 2004 for a term that will expire in 2009. Ms. Bardorf earned her J.D., cum laude, in May 2000 from Arizona State University. Honors included Order of the Coif, Order of the Barristers, and Maricopa County Bar Association

Student of the Year for 2000. She also served as executive editor of Jurimetrics: The Journal of Law, Science and Technology. Ms. Bardorf received her undergraduate degree, summa cum laude, from Saint Anselm College. She is fluent in Spanish, German and French, and is proficient in Italian. She is a member of the Maricopa County Bar Association and the Federalist Society, and is admitted to the Arizona Supreme Court, the United States District Court for the District of Arizona, and the United States Court of Appeals for the Ninth Circuit.

Gary Scaramazzo – Independent – Coconino County

Governor Janet Napolitano appointed Page resident Gary Scaramazzo to the Citizens Clean Elections Commission in 2005 for a term that will expire in 2010. Mr. Scaramazzo received his bachelor's and master's degrees in History from Northern Arizona University and is a graduate of the Taft Institute of Government. He spent 12 years performing comprehensive community service, including two years as a member of the Page City Council and ten years as Mayor of Page. Mr. Scaramazzo has accumulated over 20 years of experience in public education as a teacher and coach at the high school level. He was a teacher in the Page Unified School District (1975-1995); instructor of Coconino Community College, Page Campus (1992-1996); the Governor's Northern Arizona Representative (1997-1999); marketing director for Sunrise Airlines (1999 & 2000); volunteer fireman in Page; president of the Arizona League of Cities and Towns; executive board member with the Governor's Alliance Against Drugs; and a representative on the Governor's Drug and Gang Policy Council. He is currently president of Scaramazzo & Associates consulting firm (1999-present); president of MarBella Development condo project in Rocky Point, Mexico (2002-present); and consultant, and then general manager, for Antelope Point Marina on Lake Powell (2002-present).

SUMMARY OF COMMISSION ACTIVITIES

The Citizens Clean Elections Act incorporates four major programs: public funding for certified candidates, campaign finance disclosure, voter education and enforcement. The following are highlights of the Commission's accomplishments and events during the year 2005:

Voter Education and Outreach

- Educating candidates and voters about the Clean Elections Act is a major function of the Commission. The outreach in 2005 consisted of 25 speaking engagements to social service organizations, civic clubs, and other interested parties. In addition, the Commission continued to work with the media to keep them updated and the public informed of the latest events.
- The Participating Candidate Workshops began in October 2005. Organization of the workshops included developing an informational PowerPoint presentation, handouts, and a schedule of workshops.

Clean Elections Fund

- In December, 2004, the Commission approved the Fund revenue projections for next 4 years. As a result, \$973,887 was transferred to the State General Fund in January 2005. The Commission also approved its 2006 budget including \$21,427,719 for candidate funding for the 2006 election cycle.
- The State Auditor General's Office conducted its audit of the Commission's financial system and candidate funding process.

Enforcement

- A majority of the enforcement cases filed for the 2004 election cycle were finalized in 2005. A total of 80 complaints were filed for the 2004 election cycle. Of those, 21 were resolved during the 2004 election cycle, 53 were resolved in 2005, and six remained outstanding at the end of 2005. Of the 53 enforcement matters that were resolved in 2005, 43 were dismissed, one was dismissed without prejudice, eight were settled, and one was issued an order. There were two complaints filed in 2005 for the 2006 election cycle, of which both were dismissed.

CITIZENS CLEAN ELECTIONS ACT

The Citizens Clean Elections Act, which was passed by voters in the November 1998 General Election, fundamentally changed Arizona's campaign finance laws by establishing a system for publicly funding candidate election campaigns. The system is voluntary; candidates may choose to participate in the system or they may choose to raise funds in the traditional manner.

The Governor proclaimed the Act as law on December 10, 1998. On February 16, 1999, the United States Department of Justice precleared the Act, thereby allowing the Act to go into effect. Then, the Citizens Clean Elections Commission was formed.

Qualifying for Funding

The Act applies to candidates for legislative and statewide offices. To receive public funding for a campaign, a candidate must raise a limited number of \$5 contributions during the qualifying period. Qualifying contributions may be made by qualified electors in the candidate's legislative district. The minimum number of \$5 qualifying contributions candidates must obtain during the qualifying period are as follows:

Legislature	210
Mine Inspector	525
Corporation Commissioner	1,575
Superintendent of Public Instruction	1,575
Treasurer	1,575
Attorney General	2,625
Secretary of State	2,625
Governor	4,200

To qualify for funding, participating candidates must apply for public funding with the Secretary of State within one week after the end of the qualifying period. The candidate also must file a list of the persons that made qualifying contributions and give the Secretary of State a check in the amount of the \$5 qualifying contributions received, as well as the original signed contributor slips.

Primary Election Spending Limit

Candidates who qualify for funding in contested party primary elections may receive an amount equal to the original primary election spending limit. The primary election spending limits, as adjusted in 2005 for the 2006 election, are as follows:

Legislature:	\$ 11,945
Mine Inspector:	\$ 23,890
Corporation Commissioner:	\$ 47,770
Superintendent of Public Instruction:	\$ 47,770
Treasurer:	\$ 47,770

Attorney General:	\$ 95,550
Secretary of State:	\$ 95,550
Governor:	\$453,849

General Election Spending Limits

The day after the primary election, qualifying candidates who are major party candidates in opposed elections may receive the following amounts:

Legislature:	\$ 17,918
Mine Inspector:	\$ 35,835
Corporation Commissioner:	\$ 71,655
Superintendent of Public Instruction:	\$ 71,655
Treasurer:	\$ 71,655
Attorney General:	\$143,325
Secretary of State:	\$143,325
Governor:	\$680,774

- An independent candidate is eligible to receive 70 percent of the sum of the original primary and general election spending limits.
- An unopposed candidate is eligible to receive only his or her qualifying contributions as the spending limit for that election.

Personal Monies and Early Contributions

Participating candidates may use a limited amount of personal monies for their campaigns: \$580 for legislative office candidates and \$1,160 for statewide office candidates.

Participating candidates may raise a limited number of private contributions, which are called early contributions, during the exploratory and qualifying periods. The early contributions are limited to \$120 per contributor. The limits on the amounts that candidates may raise in early contributions are as follows:

Legislature:	\$ 2,980
Mine Inspector:	\$ 5,950
Corporation Commissioner:	\$11,910
Superintendent of Public Instruction:	\$11,910
Treasurer:	\$11,910
Attorney General:	\$23,820
Secretary of State:	\$23,820
Governor:	\$46,440

Matching Funds

Participating candidates are entitled to receive matching funds when an opposing, nonparticipating candidate exceeds the primary or general election spending limits. Matching funds also will be provided to participating candidates when independent expenditures are made to advocate the election or defeat of a candidate in the race.

Trigger Reports

Nonparticipating candidates must comply with additional campaign finance reporting requirements. Nonparticipating candidates must file “original” and “supplemental” campaign finance reports with the Secretary of State when the candidates make expenditures that exceed 70 percent of the primary election spending limit, or receive contributions, less the expenditures through the primary, that exceed 70 percent of the general election spending limit.

Campaign finance reports must be filed electronically with the Secretary of State and bank accounts, campaign finance reports and financial records relating to the campaign must be available for public inspection.

Any individual or entity making an independent expenditure to advocate the election or defeat of a candidate must report the expenditure once it exceeds \$580 in an election cycle. Subsequently, a supplemental campaign finance report must be filed by the next due date whenever previously unreported independent expenditures exceed \$1,000.

VOTER EDUCATION AND OUTREACH

Pursuant to A.R.S. § 16-949(C), the Commission shall apply at least ten percent of the calendar year budget on expenses associated with voter education. The Commission's voter education and outreach activities during 2005 are set forth below.

Candidate Debates:

Pursuant to A.R.S. § 16-956(A) (2), the Commission shall sponsor debates among candidates. The Commission sponsors debates among candidates in both the primary election period and the general election period. Participating candidates are required to attend and participate in debates, and nonparticipating candidates are invited to participate in debates.

In preparation for the 2006 election, the Commission began the planning for sponsoring the candidate debates by seeking other organizations to host the debates within the Commission's scope of work. The Commission chooses sponsors and ensures the debates are carried out in a strictly nonpartisan and professional manner.

A debate committee was established to evaluate potential sponsors based on predefined evaluation criteria. The evaluation criteria were as follows, listed in the relative order of importance: method of approach, debate experience and cost. The Commission distributed solicitations, which included a sponsor application and sponsor criteria sheet, to potential debate sponsors in September 2005. The deadline for application submission was October 31, 2005 and was extended to January 6, 2006. The Commission received a total of 9 applications.

Candidate Statement Pamphlet:

Pursuant to A.R.S. § 16-956(A) (1), the Commission will produce primary and general election candidate statement pamphlets. The Commission will produce and mail candidate statement pamphlets to every household in Arizona containing a registered voter before the start of early voting for both the primary and general elections. The candidate statement pamphlets will also be mailed to interested parties in the State of Arizona such as: the chambers of commerce, motor vehicle department, and local libraries.

Participating and nonparticipating candidates may supply the Commission with a 200 word statement for inclusion in the pamphlets. All candidates who will appear on either the primary or general election ballot may submit a statement. The pamphlets will include the office sought, as well as the candidate's name, party affiliation, funding source, web address, statement and the candidate's picture. Candidates will be allowed to submit separate statements for the primary and general election pamphlets.

Publications:

The Citizens Clean Elections Commission issued the following publications:

- Annual Report for 2004
- *Citizens Clean Elections Act, Rules and Policies Manual*
- *2005-2006 Candidate Guide*
- *2005-2006 Nonparticipating Candidate Guide*
- Informational handouts for participating candidates

Voter Outreach:

Educating candidates and voters about the Clean Elections Act is a major function of the Commission. The outreach in 2005 consisted of 25 speaking engagements to social service organizations, civic clubs, and other interested parties. In addition, the Commission continued to work with the media to keep them updated and to keep the public informed of the latest events.

Candidate Guide:

The *Candidate Guide* is an informational tool produced by the Commission to walk candidates through all aspects of the Clean Elections Act. The *Guide* provides a valuable resource to enhance candidates' knowledge of the Act. The 2005-2006 *Candidate Guide* is available on compact disc.

Candidate Workshops:

The Commission has undertaken the implementation of educational workshops. The workshops are intended to provide candidates with in-depth information regarding the provisions of the Clean Elections Act in order to ensure that candidates are fully equipped to abide by the Act. The Participating Candidate Workshops began in October 2005. Organization of the workshops included developing an informational PowerPoint presentation, handouts, and a schedule of workshops. Additionally, Ads were created for *The Capitol Times*, which will run continuously for 9 months (Oct. 2005-July 2006).

ENFORCEMENT

A majority of the enforcement cases filed for the 2004 election cycle were finalized in 2005. A total of 80 complaints were filed for the 2004 election cycle. Of those, 21 were resolved during the 2004 election cycle, 53 were resolved in 2005, and six remained outstanding at the end of 2005. Of the 53 enforcement matters that were resolved in 2005, 43 were dismissed, one was dismissed without prejudice, eight were settled, and an enforcement order was issued in one case. There were two complaints filed in 2005 for the 2006 election cycle, both of which were dismissed.

Dismissals: The Commission dismissed 43 complaints for lack of jurisdiction, there was no reason to believe a violation had occurred, or the candidates came into compliance.

Settlement Agreements: The Commission entered into the following settlement agreements:

- Reporting violations:
 - o One participating candidate agreed to pay a \$1,190.66 penalty for reporting violations.
 - o Another participating candidate agreed to pay \$1,000.00 for reporting an expenditure late.
 - o One participating candidate paid a \$200 penalty for failing to report an in-kind contribution of a \$200 voter list.
 - o One non-participating candidate failed to timely file a trigger report and agreed to pay a \$1,000.00 penalty.
- Exceeding personal money limits:
 - o One participating candidate accepted in-kind contributions of \$1,566.03 by failing to reimburse family members in a timely manner. The candidate agreed to settle for the amount of the in-kind contributions.
 - o Another participating candidate accepted a \$400.00 family contribution which exceeded the personal money limit. The candidate agreed to pay the \$400.00 in civil penalties.
- Petty cash violations:
 - o A participating candidate exceeded the \$110.00 petty cash expenditure limit once and agreed to pay a \$100.00 civil penalty.

Administrative Hearings:

- One participating candidate appealed the Commission's decision to issue an order in the amount of \$1,278.48 for exceeding the general election spending limit. The Commission accepted the Administrative Law Judge's recommendation to assess a civil penalty of \$1,278.48.
- One other Administrative Hearing occurred in 2005 for overspending limits, and the Administrative Law Judge agreed with the Commission's decision to require the candidate to repay \$34,625.00 in Clean Elections money and forfeit the office. At the end of 2005 this case was on appeal (but ultimately resolved in the Commission's favor).

RULE CHANGES

The Commission proposed a number of rule changes in 2005. The rule changes were developed based on input from staff, Commissioners, the Assistant Attorney General, the Secretary of State, the Clean Elections Institute, candidates, attorneys and various other interested parties.

The following is a summary of the approved changes:

R2-20-109(B)(1)

The Arizona Secretary of State, Janice K. Brewer, submitted a written request to the CCEC that statewide candidates be permitted to file the list of names in a spreadsheet format to reduce the time and costs associated with having the names input into a campaign finance report. The Secretary of State's office provides campaign finance software to all candidates and all campaign finance reports are to be filed in electronic format. Currently, the Secretary of State's campaign finance software is unable to "export" or "import" data from a spreadsheet. The Secretary of State's office is working to address this issue, but it will not be resolved in time for the 2006 elections. The CCEC approved a proposed amendment to R2-20-109(B)(1) that would: (1) be in effect only for the 2006 elections; and (2) apply to all participating candidates. The Commission approved the proposed rulemaking package at its November 3, 2005 meeting and posted comment for 60 days.

Association of American Physicians and Surgeons v. Brewer

Association of American Physicians and Surgeons, a political committee, and three candidates, Matt Salmon, Dean Martin, and Lori Daniels, filed a lawsuit in United States Districts Court for the District of Arizona challenging the constitutionality of the matching funds provision in the Clean Elections Act. Plaintiff candidates alleged that the Act unconstitutionally “coerces” candidates to participate in public funding. The political action committee alleged the Act chills speech by providing matching funds for some independent expenditures. Plaintiffs sought a declaration that the entire Act is void, and a permanent injunction against the Commission from implementing and enforcing the Act.

Judge Earl Carroll denied the Plaintiffs’ motion for a preliminary injunction to enjoin the Commission from disbursing matching funds and granted a motion to dismiss Plaintiffs’ complaint. The Plaintiffs appealed to the Ninth Circuit, where the case is currently pending.

David Burnell Smith vs. Arizona Citizens Clean Elections Commission

In March 2005, the Citizens Clean Elections Commission found that David Burnell Smith had violated reporting requirements and exceeded his participating candidate spending limits by more than 10%, and as a result issued fines and an order requiring representative Smith to forfeit his office of State Representative.

Mr. Smith filed a Special Action Complaint in which he sought a declaratory judgment that various statutes contained in the Citizens Clean Elections Act are unconstitutional. He also sought to challenge the Commission’s decision to sanction him for violating his agreed-to spending limits, and requested that the Court vacate an Administrative Law Judge’s decision which upheld the Commission’s order. The State filed its own lawsuit which sought to have Mr. Smith ordered out of office, and the two matters were later combined. Judge Mark Aceto of the Superior Court found in the State’s favor and ordered Mr. Smith out of office. That decision was later upheld by both the Court of Appeals and the Arizona Supreme Court.

RECOMMENDATIONS FOR CHANGES TO THE LAW

1. Remove the provisions that Arizona courts have found unconstitutional:
 - I. Lobbyist fee provision, A.R.S § 16-944, and
 - II. Duties of Commission on Appellate Court Appointments and members of the Supreme Court. A.R.S § 16-955.
2. Modify the filing timeframes:
 - I. Begin the Qualifying Period after the preceding general election, and
 - II. End the Qualifying Period 49 days before the primary election, rather than 75 days prior to the general election. A.R.S § 16-961 (B) (3).
 - III. Begin the Exploratory Period after the preceding general election and ending August 1st in a year preceding an election for a statewide office candidate, or on January 1st of an election year for a legislative office candidate. A.R.S § 16-961 (B) (2).
3. Modify reporting requirements for candidates:
 - I. Additional filings for participating candidates:
 - a. File a campaign finance report after the end of the qualifying period to determine if early contributions have been spent or need to be returned to the Clean Elections Fund, and
 - b. File a campaign finance report when applying for certification to be a participating candidate. A.R.S § 16-947.
 - II. Reduce the reporting requirements for nonparticipating candidates by only requiring the original and supplemental trigger reports when a nonparticipating candidate is opposed in the primary and general elections by a participating candidate. A.R.S §§ 16-941(B)(2) & -958.
4. Simplify the process for qualifying for funding:
 - I. Participating candidates would be required to file the Application for Funding at the end of the qualifying period, rather than a week after the end of the qualifying period,
 - II. Qualifying contribution forms would first be checked by the Secretary of State's Office,
 - III. Include a provision for a supplemental filing of qualifying contributions if the candidate fails to qualify for funding the first time, and
 - IV. Increase the random sample for legislative office candidates to 20 percent from 5 percent. A.R.S §16-950.

5. Amend matching funds provision so that participating candidates do not receive matching funds until the amount spent by a non-participating opponent and any independent expenditures exceeds the sum of the spending limit and any early contributions raised by the participating candidate pursuant to ARS §16-945.
6. Strengthen enforcement authority and civil penalties:
 - I. General enforcement authority is given to impose civil penalty up to \$1,000 for any violation where no penalty is specified. A.R.S. § 16- 942.
 - II. Require that clean elections funding only be used for campaign expenses, not personal expenses, and provides for repayment of misspent monies. A.R.S. § 16-948.
 - III. Adds provision to impose a civil penalty of \$500 a day against a political committee for not complying with the Act's reporting requirements. A.R.S § 16-942.
7. Prohibit participating candidates from accepting qualifying contributions prior to being certified as a participating candidate pursuant to A.R.S § 16-947. A.R.S § 16-946(A).
8. Voter Education. For the candidate statement pamphlet published by the Commission, require candidate statements to be about the candidate, not to attack an opponent, and authorize the Commission to reject statements that do not conform to these requirements. A.R.S § 16-956(A)(1).
9. Express Advocacy Definition. §16-901.01 should be amended to reflect the U.S. Supreme Court's ruling in McConnell v. FEC regarding regulation of "electioneering communications."

STAFF DUTIES

Executive Director

Facilitate achievement of the Commission's goals and objectives. Direct agency operations and supervise staff, advise and support the Commission, oversee and monitor the implementation of the Commission policies and procedures, publications and forms. Advise the Commission on potential and pending issues and provide and establish efficient and effective mechanisms of communication among various stakeholders of the Act. Oversee and monitor the implementation of Commission policies and procedures. Set agenda and prepare materials for Commission and committee meetings. Serve as the Commission's representative to the Legislative and Executive Branch. Educate and assist candidates in compliance with reporting requirements, limits, and prohibitions, and assist candidates in participating and obtaining public funding.

Deputy Director

Serve as advisor to the Executive Director and assist in the daily administration and management of agency operations. Provide assistance and support to Executive Director in all aspects of staff supervision including program management, performance evaluations, strategic planning, implementation of Commission policies and special projects as requested. Provide oversight, direction and assistance to agency staff on voter education, public relations, candidate education, candidate debates, compliance programs, budgeting, annual reports, financial systems and other areas as directed or needed. Serve in an external relations function through public speaking engagements, and through membership, participation and involvement in relevant civic and professional organizations. Assist Executive Director in serving as a liaison to state agencies, legislators, other intergovernmental jurisdictions.

Executive Assistant

Manage human resource procedures and systems requirements. Serve as agency liaison to candidates and other state agencies. Provide technical service, assistance and training to Commission staff. Assist the Executive Director in the development of operating policies and procedures; assist in long-range organization planning; conduct special studies; recommend changes to correct operating deficiencies; recommend improvements to the provision of services to the public; prepare administrative directives; provide assistance and guidance as requested; represent the Executive Director at meetings involving personnel, government officials, political candidates and public leaders; prepare a variety of administrative reports; supervise personnel; assist Executive Director in executing the Citizens Clean Elections Act.

Fiscal Services Manager

Review, monitor and control amounts expended from the budget to assure that expenditures do not exceed funds available; report problems to Executive Director; and read and analyze budget requests, gather data, confer with agency personnel, and make budget recommendations. Serve as the primary liaison between the Commission and the General Accounting Office, vendors and other subcontractors for the proper functioning of all financial systems and transactions. Develop standard operating procedures for all financial procedures relating to Commission activity. Gather and compile data and write detailed reports summarizing financial transactions and status of accounts for a given period; allocate funds to agency programs including voter education, administration and enforcement; and compose directives and procedures as these relate to financial activities of the agency. Develop, maintain, and manage complex database applications to support administration of all Commission programs and activities. Maintains agency's inventory; Acts as the agency's Information & Technology coordinator.

Voter Education Manager

Responsible for the development and distribution of the Candidate Statement Pamphlet to every household with a registered voter. Provide advice and guidance to debate sponsors and candidates for candidate debates. Manage all aspects of publicity, marketing and educational publications for the Commission, including advertising the Commission activities for debates, candidate statement pamphlets, and tax donations in newspapers, on radio, and other media. Travel statewide to provide educational seminars to candidate committees and community groups. Work with elected officials, community leaders, large and small employers, political parties, media and other state and local officials to enhance the understanding of the Act. Develop and circulate a quarterly *Bulletin*, updating interested parties on topics of interest regarding the Act. Provide updates for the website. Create informational brochures and handouts for distribution to voters. Establish fundamental measures for the execution of bi-yearly market research. Develop, maintain, and manage complex database applications to support administration of all Commission programs and activities.

Campaign Finance Manager

Monitor and review both participating and nonparticipating candidate campaign finance reports. Calculate matching funds for participating candidates based on nonparticipating candidate campaign finance reports. Maintain contact with campaign treasurers and Secretary of State Elections staff. Responsible for the enforcement complaint process, including investigation and analysis; making recommendations to the Executive Director regarding the statute or rule violation; and tracking each complaint on the complaint tracking database program. Determines one-party-dominant legislative districts. Monitor and track independent expenditures for possible matching funds.

Administrative Assistant III

Provide administrative assistance to the Executive Director and Commission. Provide support in the preparation and execution of monthly Commission meetings, including posting meeting agendas, drafting meeting mailings, ensuring meeting materials are

delivered to commissioners prior to meetings. Maintain records for compliance with open meeting law requirements, organizes and maintains meeting materials, and responsible for audiotape recording of regular meetings and executive sessions. Monitor inventory and office supplies. Produce computer-generated letters, memorandum and reports, and assists with front desk duties when necessary.

Administrative Assistant II

Provide administrative support to staff as needed. Answer incoming calls, draft letters, memos, agendas, and faxes. Schedule project and client meetings on and off-site, and contact attendees to determine availability and to confirm meetings. Photocopy and distribute memos, correspondence and routine mailings. Prepare documents for mailing, open and distribute mail, and oversee mail meter. Monitor receipt of facsimiles, ensures supplies for copy machines and printer, and organize electronic mail distribution lists.

PROJECTED FUNDING

Pursuant to A.R.S. § 16-954(D) “at least once per year the Commission shall project the amount of monies that the Fund will collect over the next four years and the time such monies shall become available.”

On December 14, 2005, the Commission adopted the following revenue projections:

Calendar Year	Income Tax Returns	Cap on Spending
2006	2,463,898	\$12,319,490
2007	2,513,175	\$12,565,875
2008	2,563,438	\$12,817,190
2009	2,614,706	\$13,073,530

The grand total projected candidate disbursements for the 2006 election cycle is \$21,427,719. The monies in the Fund will be sufficient to fund all participating candidates in the 2006 election cycle.

FINANCIAL INFORMATION

Caps on Expenditures

The Act prescribes certain caps on expenditures from the Citizens Clean Elections Fund. Pursuant to A.R.S. § 16-949(A), the Commission shall not spend more than \$5 times the number of Arizona resident personal income tax returns filed during the previous calendar year on all costs incurred under the law during a particular calendar year.

In calendar year 2004, there were 2,213,031 personal income tax returns filed with the Arizona Department of Revenue. The cap on total expenditures for calendar year 2005 from the Citizens Clean Elections Fund was \$11,065,155.

In addition, the Act imposes a cap on expenditures for administration and enforcement activities. The Commission may use up to 10 percent of the annual limit on costs for reasonable and necessary expenditures for administration and enforcement pursuant to A.R.S. § 16-949(B). The amount of was the cap for reasonable and necessary expenditures for administration and enforcement in calendar year 2005. The Commission spent \$636,401 or 5.8 percent of the amount specified in § 16-949(A), well below the authorized cap for expenditures for administration and enforcement.

Moreover, the Commission is required to spend 10 percent of its annual cap on revenue for voter education pursuant to A.R.S. § 16-949(C). In 2005 the Commission spent \$1,004,080 or 9.1 percent of the amount specified in A.R.S. § 16-949(A).

FINANCIAL INFORMATION

Sources of Revenue
Citizens Clean Elections Fund
AFIS Fund Number 2425
For calendar year 2005
(Unaudited)

FINES, FORFIETURES & PENALTIES	
Court Assessments ¹	\$8,398,926
Commission Assessments ²	\$33,664
OTHER REVENUE	
\$5 Tax Reduction Check-offs	\$4,845,060
Tax Credit Donations	\$190,658
Candidate Qualifying Contributions	\$11,657
Miscellaneous	\$3,289
TOTAL REVENUE	
	\$13,483,455

¹ This line item reflects the 10% surcharge imposed on all civil and criminal fines and penalties.

² This line item reflects Commission imposed penalties on candidates.

Expenditures
Citizens Clean Elections Fund
AFIS Fund Number 2425
For Calendar Year 2005
(Unaudited)

EXPENDITURES	Administrative and Enforcement	Voter Education	Campaign Funds	Total
Personal Services	\$259,054	\$213,554	\$0	\$472,609
Employee-Related Expenditures	55,013	50,436	0	105,449
Professional & Outside Services	190,910	641,922	0	832,832
Travel In-State	9,853	1,516	0	11,368
Travel Out-of-State	499	2,702	0	3,201
Aid to Individuals and Organizations	0	0	(15,089)	(15,089)
Other Operating Expenditures	118,465	93,919	0	212,384
Capital Equipment	0	0		0
Non-Capital Equipment	2,607	31	0	2,638
TOTAL EXPENDITURES*	(\$636,401)	(\$1,004,080)	\$1(15,089)	(\$1,625,392)

*Total does not reflect the \$973,887 dollars given to the State General Fund pursuant to A.R.S. § 16954(d). Whenever the Commission determines that the fund contains more monies than the Commission determines that is required to meet current debts plus expected expenses, under the assumption that expected expenses will be at the expenditure limit in A.R.S. § 16-949 (A), and taking into account the projections of collections, the Commission shall designate such monies as excess monies and so notify the state treasurer, who shall thereupon return the excess monies to the general fund.

DEMOGRAPHIC SUMMARY

2004 Election	Statewide & Legislative	Statewide	Legislative	Dem	Rep	Lib	Ind	Green Party
All Candidates in Primary	195	7	188	82	101	11	1	na
Clean Elections Candidates in Primary	118	7	111	57	59	2	0	na
% Clean Elections Candidates in Primary	61%	100%	58%	70%	57%	18%	0%	na
All Candidates in General	156	7	149	66	74	15	1	na
Clean Elections Candidates in General	88	6	82	46	44	2	0	na
Clean Elections Winners in General	46	4	42	18	28	0	0	na
% Clean Elections Candidates Winning General	52%	100%	51%	39%	64%	0%	0%	na
2002 Election	Statewide & Legislative	Statewide	Legislative	Dem	Rep	Lib	Ind	Green Party
All Candidates in Primary	247	39	208	110	124	10	3	na
Clean Elections Candidates in Primary	139	26	113	71	60	5	3	na
% Clean Elections Candidates in Primary	56%	67%	54%	65%	48%	50%	100%	na
All Candidates in General	170	23	147	77	76	13	4	na
Clean Elections Candidates in General	89	16	73	51	30	5	3	na
Clean Elections General Winners	39	7	32	17	22	0	0	na
% Clean Elections Candidates Winning General	23%	30%	22%	22%	29%	0%	0%	na
2000 Election	Statewide & Legislative	Statewide	Legislative	Dem	Rep	Lib	Ind	Green Party
All Candidates in Primary	223	7	216	97	109	10	1	6
Clean Elections Candidates in Primary	59	5	54	43	12	0	0	4
% Clean Elections Candidates in Primary	26%	71%	25%	44%	11%	0%	0%	67%
All Candidates in General	153	7	146	70	68	8	1	6
Clean Elections Candidates in General	44	3	41	32	8	0	0	4
Clean Elections Candidates: General Winners	16	2	14	11	5	0	0	0
% Clean Elections Candidates Winning General	10%	29%	10%	16%	0.07%	0%	0%	0%

