

**NOTICE OF RULEMAKING PROPOSED EXEMPT  
TITLE 2. ADMINISTRATION  
CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION**

**PREAMBLE**

1. **Article, Part or Sections Affected (as applicable)** **Rulemaking Action**  
R2-20-702 Amend
  
2. **The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):**  
Authorizing statute: A.R.S. § 16-940, *et seq.*  
Implementing statute: A.R.S. § 16-956(C).
  
3. **The effective date of the rules:**  
Not applicable
  
4. **A list of all previous notices appearing in the Register addressing the exempt rule:**  
Not applicable
  
5. **The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**  
Name: Thomas M. Collins, Executive Director  
Address: Citizens Clean Elections Commission  
1616 W. Adams St., Suite 110  
Phoenix, AZ 85007  
  
Telephone: (602) 364-3477  
Fax: (602) 364-3487  
E-mail: thomas.collins @azcleelections.gov
  
6. **An explanation of the rule, including the agency's reasons for initiating the rule, including the statutory citation to the exemption from regular rulemaking procedures:**  

At the January 2017 Commission meeting, several Commissioners raised concerns with the tightening of Commission rules regarding expenditures to political parties and /or consultants. On February 23, 2017, the Commission approved for publication three options (A, B, and C) for proposed amendments to Commission rule R2-20-702 and a proposed new rule. This publication contains the Option C version of the rule amendments to R2-20-702. Options A and B and the proposed new rule R2-20-703.01 were previously published in the Administrative Register. The following are the proposed amendments to the rule at issue:

**R2-20-702. Use of Campaign Funds**

Amends R2-20-702(B) to clarify that a participating candidate using Clean Elections funds cannot make an advance payment to political parties before an itemized receipt is provided. The amendment also clarifies that the political party may only receive payment for services actually used by the participating candidate and that no additional fees may be added. The expenditure may be deemed a contribution to the political party if the candidate or the party violates this rule.
  
7. **A reference to any study relevant to the rule that the agency reviewed and either relied on in its evaluation of or justification for the rule or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**  
Not applicable
  
8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

9. **The summary of the economic, small business, and consumer impact:**

Not applicable

10. **A description of the changes between the proposed rules, including supplemental notices, and final rules (if applicable):**

Not applicable

11. **A summary of the comments made regarding the rule and the agency response to them:**

On February 23, 2017, the Commission approved the proposed amendments publication on the Commission's website and in the Administrative Register. The Commission is soliciting public comment until May 12, 2017. No action has been taken on the proposed amendments.

12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

Not applicable

13. **Incorporations by reference and their location in the rules:**

Not applicable

14. **Was this rule previously made as an emergency rule? If so, please indicate the Register citation:**

Not applicable

15. **The full text of the rules follows:**

**TITLE 2. ADMINISTRATION  
CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION**

**ARTICLE 7. USE OF FUNDS AND REPAYMENT**

Section

R2-20-702. Use of Campaign Funds

**ARTICLE 7. USE OF FUNDS AND REPAYMENT**

**R2-20-702. Use of Campaign Funds**

A. No change

B. ~~A participating candidate's payment from a campaign account to a political committee or civic organization entity is not a contribution if the payment is reasonable in relation to the value received. Payment of customary charges for services rendered such as for printing voter or telephone lists, and payment of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received.~~

A participating candidate may:

1. Make a payment from the candidate's campaign bank account;

a. To a political committee or civic organization including a person with tax exempt status under section 501(a) of the internal revenue code or an unincorporated association. The payment is not a contribution if the payment is reasonable in relation to the value received.

b. For customary charges for services rendered, such as for printing and obtaining voter or telephone lists, shall be considered reasonable in relation to the value received.

c. Of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received.

2. Not make an advanced payment to a political party for services such as consulting, communications, field employees, canvassers, mailers, auto-dialers, telephone town halls, electronic communications and other advertising purchases and other campaign services.
  - a. Payment for such services may be rendered only upon receipt of an itemized and timely invoice identifying the value of the service provided directly to the participating candidate.
  - b. Payment in the absence of an itemized invoice or advance payment for such services shall be deemed a contribution to the political party.
  - c. Payment may be advanced for postage upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of the postage.
  - d. Payment may be advanced for advertising that customarily requires pre-payment upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of the advertisement.
  - e. A political party may not mark up or add any additional charge to the value of services provided to the particular candidate. All expenditures must be for the services used by the particular participating candidate.
  - f. The Commission shall be included in the mail batch for all mailers and invitations. The Commission shall also be provided with documentation from the mail house, printer or other original source showing the number of mailers printed and the number of households to which a mailer was sent. Failure to provide this information within 7 days after a mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.

**C.** No change

1. No change
2. No change
3. No change
  - a. No change
  - b. No change
  - c. No change
  - d. No change
    - i. No change
    - ii. No change
  - e. No change
  - f. No change
  - g. No change
  - h. No change
4. No change

**D.** No change

**E.** No change

1. No change
2. No change

**F.** No change

1. No change
2. No change

**G.** No change

1. No change
2. No change
  - a. No change
  - b. No change
3. No change
  - a. No change
  - b. No change
4. No change