

NOTICE OF RULEMAKING FINAL 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:**
January 1, 2018.

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. The Commission considered public comment submitted until the July 20, 2017 Commission meeting. At the July 20, 2017 meeting, the Commission adopted the Option C version of the rule amendments to R2-20-702. The following are the 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):**

At the May 18, 2017 meeting the Commissioners asked for the rule to be clarified to be easier to read. The rule was not substantively changed. The rules were available for public comment in June and July following the non-substantive changes.

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

On July 20, 2017, the Commission approved the rule amendment. The Commission solicited public comment from February 23, 2017 until July 20, 2017. Public Comment was received on the rules at the May 18, 2017, June 22, 2017, and July 20, 2017 public commission meetings. The Commission received numerous comments supporting or opposing the various rule amendment options.

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. Only 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 if an itemized invoice identifying the value of the service is provided directly to the participating candidate at the time of the advanced payment.
 - a. Payment in the absence of an itemized invoice or advanced payment for such services shall be deemed a contribution to the political party.
 - b. 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.
 - c. 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.
 - d. 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.
 - e. 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