

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**
R2-20-703.01 New Section

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:**
July 20, 2017.

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 (R2-20-703.01). The Commission considered public comment submitted until the July 20, 2017 Commission meeting. At the July 20, 2017 meeting, the Commission adopted the new rule R2-20-703.01. The following is the new rule at issue:

R2-20-703.01 Consultants

This new rule addresses the consultant issue regarding participating candidates, advance payments, itemization of expenditures, consultant mark-ups, and a shared consultant issue.

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 from the version originally published for public comment. 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 new rule. 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 new rule.

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

R2-20-703.01. Use of Campaign Funds

ARTICLE 7. USE OF FUNDS AND REPAYMENT

R2-20-703.01. Campaign Consultants

A. For purposes of this rule "Campaign Consultant" means any person paid by a participating candidate's campaign or who provides services that are ordinarily charged to a person, except services provided for in A.R.S. § 16-911(6)(b).

B. A participating candidate may engage campaign consultants.

C. A participating candidate may only advance a campaign consultant for services such as consulting, communications, field employees, canvassers, mailers, auto-dialers, telephone town halls, electronic communications and other advertising purchases and other campaign service if an itemized invoice identifying the value of the services is provided directly to that particular candidate at the time of the advance payment.

1. Providing payment for such services as described in subsection (C) of this rule in the absence of an itemized invoice or advance payment for such services shall be deemed not to be a direct campaign expenditure.

2. A participating candidate may advance payment 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 postage.

3. A participating candidate may advance payment 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. 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 the mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.