



CITIZENS CLEAN ELECTIONS COMMISSION

2011 Annual Report



2011 Annual Report

Presented By The Citizens Clean Elections Commission

The Annual Report will be submitted to the Governor, the President of the Arizona State Senate, and the Speaker of the State House of Representatives. This report will be made available online at www.azcleanelections.gov.

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Letter from the Executive Director

Janice K. Brewer
Governor

Todd F. Lang
Executive Director



Lori S. Daniels
Chair

Jeff Fairman
Louis J. Hoffman
Timothy J. Reckart
Thomas J. Koester
Commissioners

State of Arizona Citizens Clean Elections Commission

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March 1, 2012

The Honorable Janice K. Brewer
Governor State of Arizona
1700 West Washington
Phoenix, AZ 85007

Dear Governor Brewer:

We are pleased to submit for your information the 2011 Annual Report for the Citizens Clean Elections Commission, pursuant to Arizona Revised Statutes (A.R.S.) § 16-956(B) (3). The Annual Report describes the activities performed by the Commission in the last calendar year.

In 1998, the voters of Arizona passed the Citizens Clean Elections Act. The Commission celebrates the thirteenth anniversary of the Act through the continued commitment of upholding the letter and spirit of the Act. The Commission accomplished its goals set forth and looks forward to the same success in 2012.

Respectfully Yours,


Todd F. Lang
Executive Director

Voter Education & Outreach

The Commission spends at least 10% of the expenditure cap on voter education in accordance with its statutory requirements. The Commission continued to keep the media and the public informed of the latest issues that impact the Clean Elections Act.

The Commission's Education and Outreach for 2011 included:

- * "Get Involved" Campaign
- * Web & Social Media
- * Candidate Statement Pamphlet
- * Participating Candidate Guide

Educating the Voters. ***Educating the*** ***Candidates.***

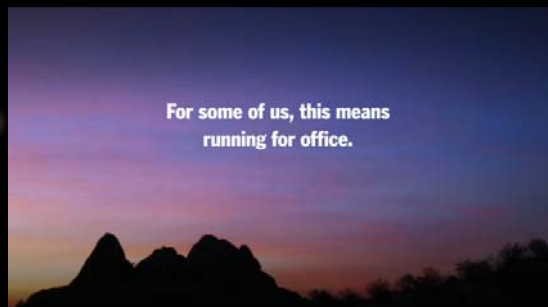
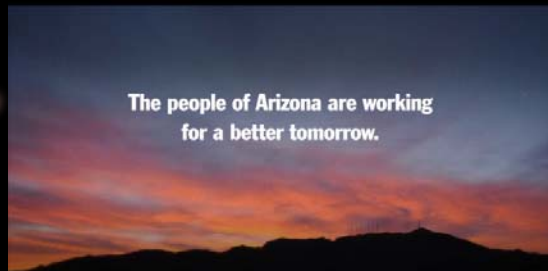
In addition to educating the voters, the Commission strives to educate candidates running for office.

The Commission hosts candidate training workshops that include details about campaign finance reporting and debate participation.

“Get Involved” Campaign

The Commission developed a new educational campaign entitled “Get Involved.” The campaign was designed around the idea that Arizonan’s are continuously working for a better tomorrow. For some, this means running for political office. Clean Elections helps make this possible and encourages participation.

The campaign used television, radio and print media to get the message out to the public. In addition, the campaign also utilized the Internet through banner ads and social media.



Web & Social Media



In addition to continually updating the Commission's website, www.azcanelections.gov, the Commission created www.cleanelections101.com. The site is an educational effort that answers frequently asked questions about the Citizens Clean Elections Act.

The Commission continued to increase its online presence. Social media sites such as Twitter and Facebook allow instant communication to the public.



Facebook

<http://www.facebook.com/pages/Citizens-Clean-Elections-Commission/207033659336173>



YouTube

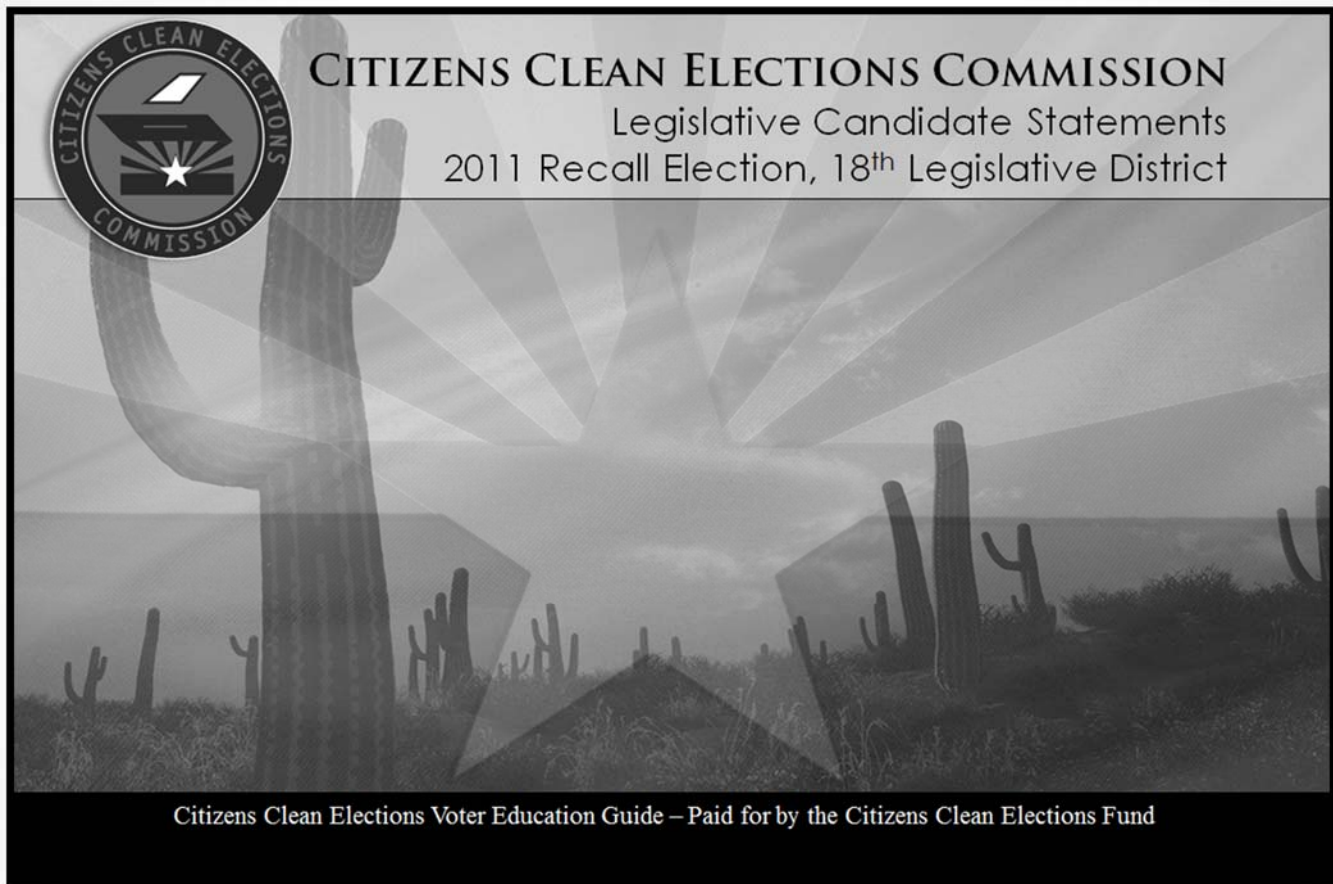
www.youtube.com/azccce



Twitter

www.twitter.com/azccce

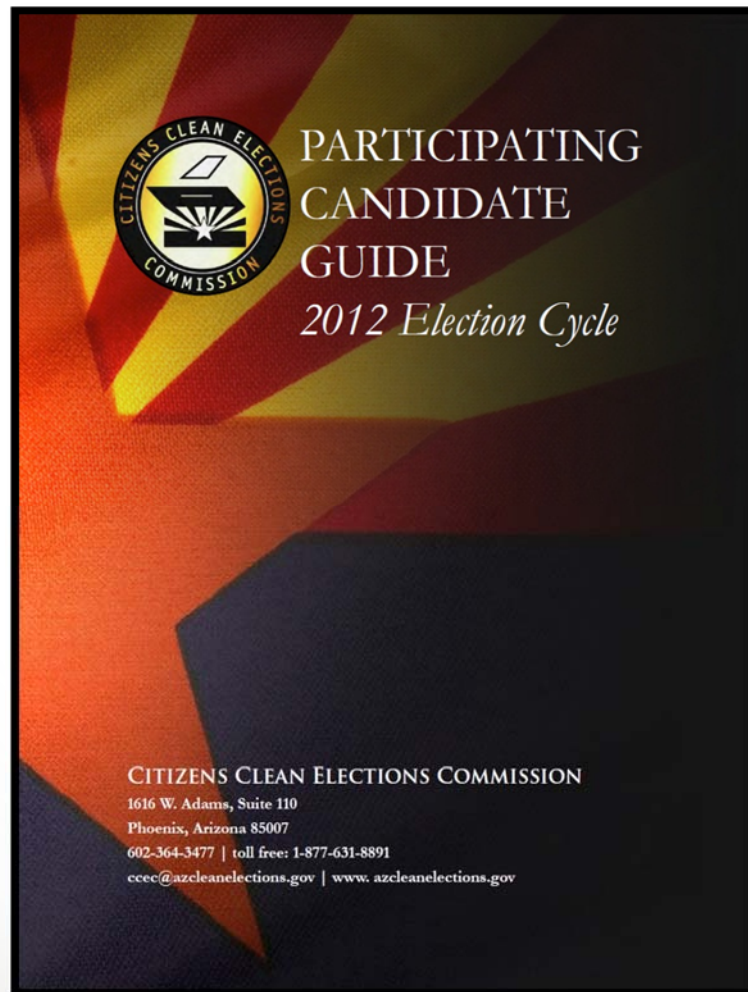
Candidate Statement Pamphlet



Special Recall Election
Candidate Statement Pamphlet

A candidate statement pamphlet was created, printed and distributed for the 2011 Recall Election, 18th Legislative District. Each pamphlet contained a 200-word statement and picture from the candidates. Submission of a statement and picture is not a requirement for using the Clean Elections system. Over 41,000 copies of the pamphlet were distributed to the registered voters in Legislative District 18. In addition to the candidates' statements and photos, the pamphlet also contained information on locating polling places and how to request an early ballot.

Candidate Training Materials



Participating Candidate Guide

Education is a key component to the Commission's mission. Whether it is speaking to interested groups or conducting candidate training workshops the Commission continues to ensure that the public is well informed on Clean Elections.

To assist the candidates as they begin to navigate the political campaign process, the Commission develops, each election cycle, a Candidate Guide. The Guide provides basic information that a candidate needs as he or she runs for office. The Guide includes important dates, how to become a Clean Elections candidate and how to qualify for funding among many other items.

Enforcement Audits, & Litigation

Enforcement *Complaints*

The Commission acts on both external and internally filed complains.

The Commission reviewed 27 complaints from the 2010 election cycle. 25 of the complaints were closed in 2010, 2 were closed 2011.

The Commission enforces the Citizens Clean Elections Act and ensures that campaign spending occurs in an ethical manner as specified by the Act and Commission rules.

Commission staff monitor campaign finance reports filed pursuant to the Act and financial records of candidates on an as needed basis. The Commission conducts random audits to ensure compliance with the Act.

The Commission has the authority to subpoena witnesses, take evidence, and require, by subpoena, the production of any books, papers, records or other material relevant to an enforcement matter.

Potential penalties for violations of the Act range from monetary penalties to the disqualification of a candidate or forfeiture of office. The Commission settles most enforcement matters in an amicable fashion.

In 2011, the Commission completed 32 audits of candidates who participated in the Clean Elections program in the 2010 primary and general election.

Litigation

Arizona Free Enterprise et al. v. Bennett

This litigation regarding the matching funds provision of the Act was resolved by the U.S. Supreme Court in June 2011 by a 5-4 vote. Writing for the majority, Chief Justice John Roberts held that the matching funds provisions, which provided additional monies up to a pre-set cap, to participating candidates, were unconstitutional under the First Amendment. In a lengthy dissent, Justice Elena Kagan explained the rationale for the matching funds provision and why it promoted First Amendment values.

No Taxpayer Money For Politicians v. Lang, et al.

In December 2011, a group of plaintiffs dedicated to repealing the Citizens Clean Elections Act, brought this action against the Clean Elections Commissioners and staff members of the Clean Elections Commission alleging that the Commission's voter education activities violated state statutes. The lawsuit seeks to enjoin the Commission from conducting much of its voter education duties and to prevent the Commission from exercising its discretion in making expenditures pursuant to the Act and Arizona Supreme Court precedent. The Commissioners and staff filed a motion to dismiss all claims because their actions have been and continue to be consistent with state law and the purpose of the Act as enacted by the voters of Arizona. This matter is currently pending.

Financial Information

The Clean Elections Fund Contributes to a *Better Arizona*

In a time of financial challenge and hardship, Clean Elections is essential to the growth and success of the State.

Not a single dollar of Clean Elections funding comes from State's General Fund.

Clean Elections is funded by voluntary contributions and surcharges on criminal penalties and violations, such as traffic tickets.

Rather than taking money from taxpayers, Clean Elections has donated \$10 million to the State's General Fund in 2011, bringing the total amount donated to \$74 million.

Revenue

2011 Revenues	Actual
Court Assessments	\$9,257,449
Commission Assessments	\$3,670
\$5 Tax Check-off	\$6,243,832
Tax Credits	\$61,655
Miscellaneous	\$22,852

Expenditures

CY 2011 Expenditures*	Admin & Enforcement	Voter Education
Total	\$846,463	\$2,131,439
*does not include transfer to General Fund		

Transfer

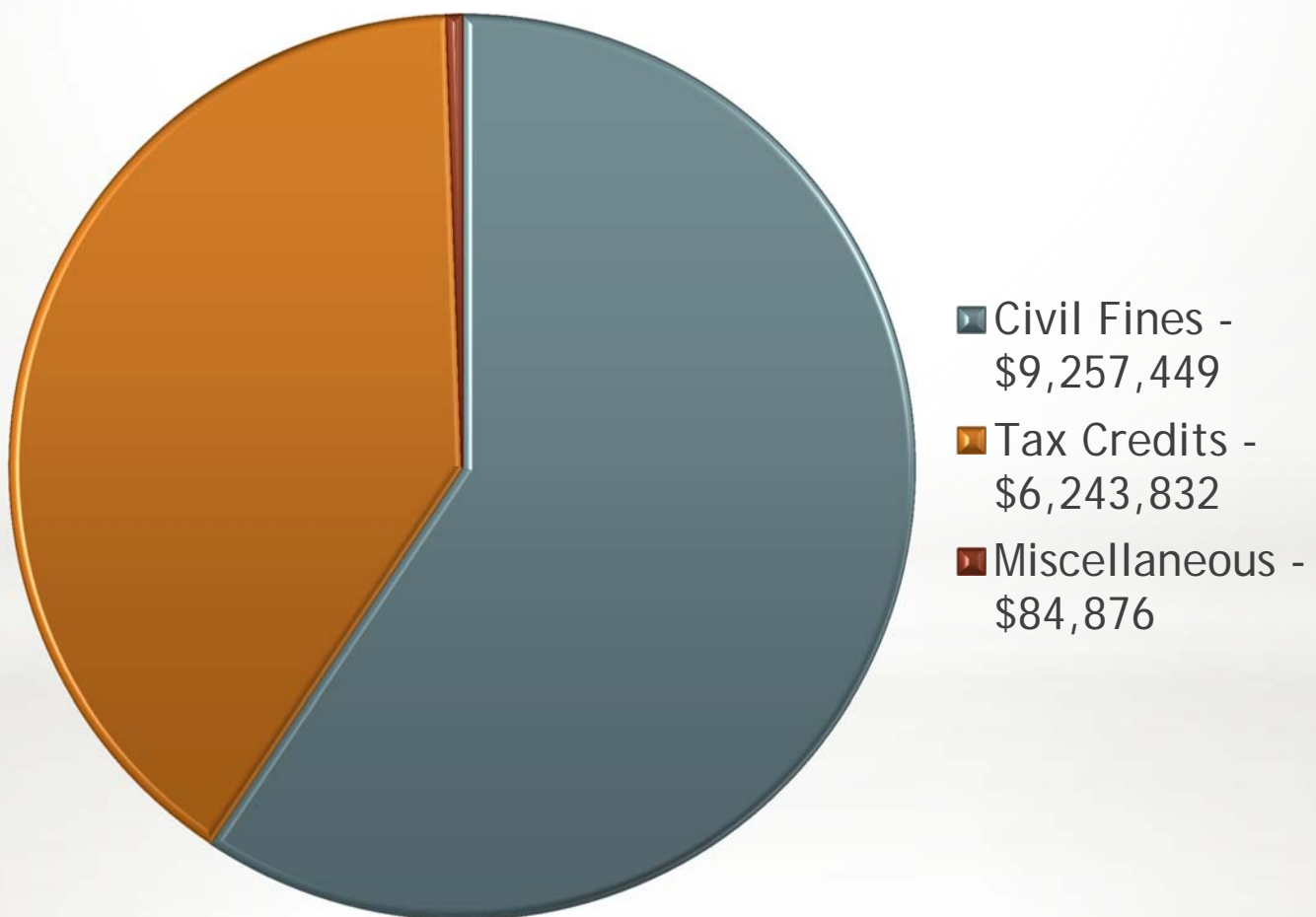
Transfer to General Fund	
2011	\$ 10,000,000.00

Funding Sources

Citizens Clean Elections Commission funding comes from several different sources:

- 10% surcharge on all civil penalties and criminal fines
- Voluntary \$5 check-off box on Arizona state income tax return forms.
- Voluntary dollar for dollar tax credit on donations of up to \$640 or 20% state income tax amount whichever is greater.
- Civil penalties paid by candidates.
- \$5 qualifying contributions collected from participating candidates.

The 2011 funding revenues are reflected in the chart below.



Rulemaking & Legislation

Commission Rulemaking Authority

In accordance with A.R.S. § 16-956(C), the Commission may adopt rules to carry out the purposes of the Citizens Clean Elections Act.

The Commission proposes and adopts rules in public meetings, with at least sixty days allowed for interested parties to comment after the rules are proposed. After consideration of the comments received in the sixty day comment period, the Commission may adopt the rule in an open meeting.

Rules adopted by the Commission are not effective until January 1 in the year following the adoption of the rule, except for rules adopted by unanimous vote may be made immediately effective and enforceable.

The Commission adopted and amended a number of rules in 2011. Many of the changes coincide with the “Arizona Free Enterprise et al. v. Bennett” ruling by the Supreme Court of the United States.

New rule adoptions, and deletions, and amendments include changes to rules:

A.A.C. R2-20-102

A.A.C. R2-20-104

A.A.C. R2-20-107

A.A.C. R2-20-108

A.A.C. R2-20-110

A.A.C. R2-20-113

A.A.C. R2-20-223

A.A.C. R2-20-401

A.A.C. R2-20-402.01

There were no legislative changes made to the Act in 2011. There was an unsuccessful attempt to refer to the ballot a measure that would effectively repeal the most important functions of the Clean Elections program.

Legislative Goals

The Commission actively solicits suggestions for improvements to the Act and Commission procedures. Moreover, the Commission diligently makes changes to its rules and procedures to address concerns or improve the functions of the program. In 2007, the Commission successfully pursued changes to the Act in the Legislature to address concerns raised by both Traditional and Participating Candidates. The Commission believes further reforms of the Act, if done carefully, could be productive.

Matching Funds were part of the Clean Elections Program until the Supreme Court of the United States struck them down in a 2011 decision. The availability of Matching Funds helped encourage participation. As a result, the Commission recommends encouraging participation in ways replacing matching funds, either a set of increases in the fixed allocations to Participating Candidates (as in a bill that passed both houses of the Legislature but not by sufficient majorities in 2009) or a Small Donor Program that would match small campaign contributions (such as \$100.00 or less) with supplemental funds up to the maximum limits that existed under the old matching funds program. Either approach could enable candidates to raise enough money to compete in high-spending districts and get out their messages (including responding to misleading attack ads) without running afoul of the Supreme Court's ruling. By limiting supplemental funding in a Small Donor Program to matches of small amounts only, such as \$100.00 or less, the Act's goal of reducing the appearance of corruption and the power of special-interest money would continue to be furthered.

The Commission also recommends that the Legislature consider a provision that would provide a small officeholder expense fund so that Legislators could communicate with constituents without having to raise money from lobbyists and special interests. The Commission could provide funding for this educational effort from the Clean Election Fund. Oversight of the program could occur through the Commission or through the Office of the Secretary of State. Because the source of the funding would be the Clean Election Fund, none of the funding for such a program would come from the General Fund, as General Fund money is needed for various state programs.

Commission & Staff

Commission Structure & Mission

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.

The Commission's mission is to fairly, faithfully and fully implement and administer the Citizens Clean Elections Act.

The Citizens Clean Elections Commission consists of five members. All members must be registered to vote in the State of Arizona. No more than two members of the commission may be members of the same political party. No more than two members of the commission may be residents of the same county.

Commissioners

Lori S. Daniels (R), Chairwoman
Maricopa County, AZ
Appointed 2008

Jeffrey Fairman (D)
Pinal County, AZ
Appointed 2007

Louis J. Hoffman (D)
Maricopa County, AZ
Appointed 2009

Timothy J. Reckart (R)
Pima County, AZ
Appointed 2011

Thomas J. Koester (I)
Pima County, AZ
Appointed 2011

Commission Staff

Todd F. Lang, Executive Director
Colleen McGee, Deputy Director
Daniel Ruiz II, Public Information Officer
Paula Thomas, Executive Assistant

Commissioner Biographies

Lori S. Daniels - Republican - Maricopa County (Chairwoman)

Secretary of State Jan Brewer appointed former State Senator Lori Daniels for a five year term that will expire January 31, 2013. She is filling the seat formerly held by Marcia Busching. Commissioner Daniels served ten years in the State Legislature, eight in the House of Representatives and two in the Senate. While a member of the House of Representatives, Ms. Daniels served as the House Majority Leader from 1997 to 2000. In addition to her service in the State Legislature, Commissioner Daniels has served in the Ahwatukee, Gilbert and Chandler Chambers of Commerce as well as working with the United Way, Junior Achievement and Soroptimist. She is a resident of Maricopa County.

Jeffrey L Fairman - Democrat - Pinal County

Governor Janet Napolitano appointed Casa Grande resident Jeffrey Fairman (D) in 2007 for a 5-year term that will expire January 31, 2012. He is filling the seat formally held by Ermila Jolley. Commissioner Fairman is the former Economic Development Director for the City of Avondale. In addition, Mr. Fairman served on many area entities including GPEC, the Arizona Association for Economic Development, and the Peoria Sports Complex and is currently the Business Development Representative for Sundt. Commissioner Fairman is the first Pinal County resident to serve on the Commission.

Louis J. Hoffman - Democrat – Maricopa County

Attorney General Terry Goddard appointed Louis Hoffman to succeed former Commissioner Donald Lindholm. Commissioner Hoffman earned his undergraduate degree from Princeton University in 1981 and his law degree from Harvard Law School in 1984. After graduating, Mr. Hoffman moved to Arizona and joined the law firm of Brown & Bain. In 1991 Commissioner Hoffman started the law firm of Louis J. Hoffman, P.C. (now the Hoffman Patent Firm) to assist independent inventors, and small and mid-sized companies among others in protecting their patents, copyrights and trademarks. As one of the original drafters of the Citizens Clean Elections Act Commissioner Hoffman has been at the forefront of campaign finance reform in Arizona and has been elected to serve on the Clean Elections Institute's Board on two separate occasions. Commissioner Hoffman has been married to his wife, Kathy, for over 20 years and has two children, Seth and Ellie.

Timothy J. Reckart- Republican– Pima County

Governor Jan Brewer appointed Timothy Reckart to the Citizens Clean Elections Commission to serve a term ending January 31, 2015. Mr. Reckart is a practicing attorney with the law firm of Rusing & Lopez, PLLC where he focuses on general and commercial corporate matters. He currently holds a bachelor's degree in nuclear engineering from MIT, a master's degree in nuclear engineering from the University of California, Berkley and an MBA and law degree from Stanford University. In addition, Mr. Reckart is a member of the Tucson Regional Ballet and is a founding director for CPLC Tucson Foundation.

Thomas J. Koester - Independent - Pima County

Corporation Commissioner Paul Newman appointed Thomas Koester, an Independent, to the Citizens Clean Elections Commission for a 5-year terms expiring January 31, 2016. He is filling the seat formerly held by Royann Parker. Commissioner Koester served as Vice President of Morgan Stanley for 38 years. In addition, Mr. Koester served honorably in the United States Air Force, achieving the rank of Captain. Commissioner Koester and his wife, Patricia, currently reside in Tucson. They have three sons.



CITIZENS CLEAN ELECTIONS COMMISSION

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