

2013

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ARIZONA

ANNUAL REPORT

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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 Arizona State House of Representatives. This report will be made available online at www.azcleanelections.gov.

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Janice K. Brewer
Governor

Thomas M. Collins
Executive Director



Timothy J. Reckart
Chair

Louis J. Hoffman
Thomas J. Koester
Mitchell C. Laird
Steve M. Titla
Commissioners

State of Arizona
Citizens Clean Elections Commission

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February 21, 2013

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

Dear Governor Brewer:

The Clean Elections Commission is pleased to submit for your information the 2013 Annual Report, 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. Over 15 years later, the Commission continues its 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 2014.

Respectfully Yours,

Thomas M. Collins
Executive Director

Voter & Public Education

The Commission spends 10% of the expenditure cap on voter education in accordance with its statutory requirements. The Commission continued to provide information to the public regarding Clean Elections participation and the functions and purposes of the Clean Elections Act. This was accomplished through press releases, media campaigns, and social media outreach.

The Commission's Education and Outreach for 2013 included:

- Clean Elections Preamble Campaign
- Website & Social Media
- Candidate Training

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.

“Preamble” Campaign

The Commission developed a new educational campaign focused on the preamble of the Citizens Clean Elections Act. The campaign used television, radio, and print media to get the message out to the public. The television ads showcased Arizonans reading the Citizens Clean Elections Act. Print ads displayed the text of the preamble in typographic art. In addition, the campaign also utilized the Internet through banner ads and social media. The educational campaign ran throughout Arizona, reaching all four corners of the state in Apache, Cochise, Coconino, Gila, Graham, Greenlee, La Paz, Maricopa, Mohave, Navajo, Santa Cruz, and Yavapai counties.



RUN FOR OFFICE
★ ★ ★ ★ ★
OR SUPPORT THOSE WHO DO



★ ★ ★ ★ ★ ★ ★ ★ ★ ★ *The people of* ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

ARIZONA  **OUR INTENT TO CREATE A
CLEAN ELECTIONS SYSTEM**
that will **IMPROVE THE INTEGRITY**

OF ARIZONA STATE GOVERNMENT

**BY DIMINISHING THE INFLUENCE
OF SPECIAL INTEREST MONEY,**

will encourage citizen participation in the political process,

**AND WILL PROMOTE FREEDOM OF SPEECH
UNDER THE U.S. AND ARIZONA CONSTITUTIONS.**



Voted into law by Arizonans on 11.3.1998



Web & Social Media

CITIZENS CLEAN ELECTIONS COMMISSION

CLEAN ELECTIONS 101
YOUR GUIDE TO ARIZONA'S POLITICAL PROCESS

ENGLISH / ESPAÑOL

2012 CANDIDATES

ABOUT CANDIDATES VOTER DEBATES FAQ

Clean Elections Preamble

YOUR VOICE MATTERS

RUN *for* OFFICE

OR SUPPORT THOSE WHO DO

WHAT IS CLEAN ELECTIONS? ☒ Like You, Mary Olivia Lopez and 1,187 others like this.

LESSON 1

WHAT IS CLEAN ELECTIONS?

PLAY VIDEO

The Citizens Clean Elections Act was passed by the people of Arizona in 1998 to restore citizen participation and confidence in our political system. The Act allows candidates running for the Legislature or statewide offices the opportunity to forgo special interest money by collecting a certain number of \$5 donations. In return, candidates receive full funding for their campaigns.

ABOUT THE FUND

When the voters established the Citizens Clean Elections Commission, they did it efficiently. Throughout the years, Clean Elections has funded more than 700 candidates, without taking a single penny from the state general fund.



The Commission continued to provide public information through the Internet. Social media sites such as Twitter, YouTube and Facebook allow the Commission to instantly communicate to the public. Voters and candidates alike can visit www.cleanelections101.com and www.azcleanelections.gov for more information about elections and running for office.

Candidate Training

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 about Clean Elections.

Each election cycle the Commission develops a candidate guide to assist the candidates as they begin to navigate the political campaign process. The guide includes important dates, information about how to become a Clean Elections candidate, and how to qualify for funding.

Participating candidates are required to attend a Clean Elections Workshop. The Participating Candidate Workshops are designed to give prospective candidates an idea of what using the Clean Elections system will entail.



Enforcement Audits, & Litigation

Enforcement

The Commission acts on both external and internally filed complaints.

The Commission reviewed 19 complaints from the 2012 election cycle. 15 of the complaints were closed in 2012, 4 were closed in 2013.

The Commission enforces the Citizens Clean Elections Act and ensures 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 if necessary, financial records. 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 2013, the Commission completed 25 audits of candidates who participated in the Clean Elections program in the 2012 primary and general elections.

Litigation

Arizona Citizens Clean Elections Commission v. Brain--

In this case the Commission, along with several other plaintiffs, including then Chairman Louis Hoffman, author of the Clean Elections Act, filed suit seeking to enjoin the implementation of 2014's House Bill 2593. The measure dramatically increased contribution limits applicable to state and legislative candidates and repealed other campaign finance limits all together. The Commission and others argued that this violated the language of the Clean Elections Act, which was passed by voters in 1998. The Clean Elections Act is covered by the Arizona Constitution's Voter Protection Act, which prohibits amendments of voter-approved measures except with a super-majority legislative vote and to further the underlying measure's purposes. After the Commission secured an injunction and a unanimous court of appeals opinion, the Arizona Supreme Court vacated the injunction. A final opinion from the Supreme Court remains pending as does this litigation.

Committee for Justice and Fairness v. Bennett--

In this case, the Commission appeared as amicus curiae defending portions of the Clean Elections Act from a constitutional attack by an alleged campaign organization over the spending it did in the 2010 Attorney General race. The group asserted it was not required to provide any disclosure of its funding sources, assuming the group engaged in efforts to influence the results of the election, because Arizona's law is overbroad, among other things. The Commission explained that the U.S. Constitution does not bar states from requiring information about funding sources from political groups engaging in influencing the results of elections. The underlying case is the result of an enforcement by the Maricopa County Attorney's Office.

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 \$74 million to the State's General Fund since its inception through 2013.

The removal of the \$5 check-off box on Arizona state income tax return forms and dollar-for-dollar tax credits caused a decrease in revenue to the Clean Elections Fund, and as a result the Commission was unable to transfer excess monies to the General Fund in 2013.

Funding Sources

Citizens Clean Elections Commission revenue comes from a few different sources:

- 10% surcharge on all civil penalties and criminal fines
- Civil penalties paid by candidates.
- \$5 qualifying contributions collected from participating candidates.

Previously, Arizona citizens could contribute voluntarily through a \$5 check-off box on Arizona state income tax return forms and through dollar for dollar tax credits. This portion of the Act was removed in 2012.

Revenue

2013 Revenues	Actual
Court Assessments	\$8,788,438
Commission Assessments	\$817
\$5 Tax Check-off (Repealed in 2012)	\$545,982
Miscellaneous	\$1,010

Expenditures

CY 2013 Expenditures	Admin & Enforcement	Voter Education
Total	\$1,257,695	\$1,891,398

Rulemaking & Legislation

The Commission adopted and amended a number of rules in 2013.

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

- A.A.C. R2-20-101
- A.A.C. R2-20-102
- A.A.C. R2-20-104
- A.A.C. R2-20-105
- A.A.C. R2-20-107
- A.A.C. R2-20-109
- A.A.C. R2-20-110
- A.A.C. R2-20-222
- A.A.C. R2-20-702

There were two legislative changes made to the Act in 2013:

- A.R.S. 16-948(E)
- A.R.S. 16-950(C)

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 rules adopted by unanimous vote may be immediately effective and enforceable.

Legislative Principles & Priorities

The Commission actively solicits suggestions for improvements to the Act and Commission procedures. The Commission diligently makes changes to its rules and procedures to address concerns and improve the functions of the program. The Commission adopted the following legislative principles and priorities:

Oppose efforts to defund or eliminate the Citizens Clean Elections Act and/or the Commission.

Over several sessions, members of the legislature have proposed measures seeking to defund or eliminate the Clean Elections Act or the Commission.

Support election law reforms.

Campaign finance issues continue to percolate through both the political and legal process. The Commission seeks to advance reforms including improving the public financing program, supporting increases in the amount of money statewide and legislative candidates can take from contributors, improving the campaign finance code to ensure voters are receiving information about the identity and contributions of campaign contributors and expenditures, and ensuring changes improve the State's anti-corruption, anti-circumvention and informational interests, the Clean Elections Act and the Commission's independence.

Extend or make permanent E-Qual pilot program.

In 2011, the legislature passed the E-Qual program which permits candidates to obtain a certain number of petition signatures and qualifying contributions for the public financing program through an electronic system. The program expires after this election. The Commission supports the continuation or permanence for the program.

Enhance voter education.

Legislators and constituents have expressed interest in various topics aimed at enhancing voter education and outreach. The Commission supports the funding and enforcement of constituent communication accounts to allow officeholders to engage with their constituents. The Commission also supports the allowance of the Commission to assist in education related to judicial retention elections, county and federal elections, and state initiatives. The Commission supports restoring the \$5 tax check off box revenue source to the Arizona tax form to fund these efforts.

Refreshment of Election Equipment

The Commission supports being able to assist in expenditures related to the refreshment of election equipment for county elections departments in this state. The Commission supports restoring the \$5 tax check off box to the Arizona tax form to enhance voter education.

Commission & Staff

Commissioners

Chainman Timothy J. Reckart (R)
Pima County, AZ
Appointed 2010

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

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

Mitchell C. Laird (R)
Maricopa County, AZ
Appointed 2012

Steve M. Titla (D)
Gila County, AZ
Appointed 2013

Commission Staff

Thomas M. Collins, Executive Director
Daniel Ruiz II, Deputy Director
Sara A. Larsen, Campaign Finance Manager
Paula Thomas, Executive Assistant

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.

2013 Commissioner Biographies

Louis J. Hoffman - Democrat – Maricopa County (2013 Chairman)

Former Attorney General Terry Goddard appointed Louis Hoffman to the Citizens Clean Elections Commission. Commissioner Hoffman earned his undergraduate degree from Princeton University and his law degree from Harvard Law School. Mr. Hoffman moved to Arizona in 1984 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 inventors and companies in protecting 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. Commissioner Hoffman has been married to his wife, Kathy, for 24 years and has two children, Seth and Ellie. Mr. Hoffman's term on the Citizens Clean Elections Commission expired on January 31, 2014. Pursuant to state law, Commissioner Hoffman continues to serve until his replacement is named.

Timothy J. Reckart- Republican– Pima County

Governor Jan Brewer appointed Timothy Reckart to the Citizens Clean Elections Commission. Mr. Reckart is a partner of the law firm of Rusing Lopez & Lizardi, PLLC where his practice focuses on the formation and venture financing of emerging growth companies, intellectual property transactions and commercial corporate matters. He 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. Mr. Reckart has been married to his wife, Jane, for 29 years and has six children, Angela, Timothy Jr., Daniel, Justin, Madeline and Elizabeth. Mr. Reckart's term on the Citizens Clean Elections Commission expires in January of 2015.

Thomas J. Koester – Independent - Pima County

Corporation Commissioner Paul Newman appointed Thomas Koester to the Citizens Clean Elections Commission. 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. Mr. Koester's term on the Citizens Clean Elections Commission expires in January of 2016.

Mitchell C. Laird– Republican - Maricopa County

Governor Jan Brewer appointed Mitchell C. Laird in 2012 to the Citizens Clean Elections Commission. Mr. Laird graduated from Grand Canyon University (GCU) in 1972 and received his Juris Doctor degree in 1976 from the Arizona State University College of Law. In 2004 he received an Honorary Doctor of Laws degree from his alma mater GCU. In 1976 Mr. Laird was admitted to the State Bar of Arizona and founded his own law firm now known as Laird & Associates, P.C. Mr. Laird has served as President of the GCU Alumni Association and for 13 years taught business law at GCU. Mr. Laird served for many years as general counsel to GCU and has also served as general counsel to the Arizona Republican Party. He currently serves as the Chief Operating Officer of a non-profit organization known as Canyon Institute that promotes education and other charitable endeavors. Mr. Laird has been a Burger King franchisee since 1994 and owns 28 Burger King restaurants throughout Arizona. Mr. Laird currently serves as Chairman of the Board of the National Franchisee Association and has served as President of the Southwest Franchisee Association. Mr. Laird is a member of the Board of Directors of the Arizona Chamber of Commerce. Mr. Laird and Becki, his wife of 40 years, have three sons, and three grandsons. All three of his sons have served our Country in the U.S. Military and two of them each served two tours in Iraq. Mr. Laird's term on the Citizens Clean Elections Commission expires in January of 2017.

Steve M. Titla – Democrat - Gila County

Senate Democratic Leader Leah Landrum Taylor appointed Steve M. Titla in July 2013 to the Citizens Clean Elections Commission. Mr. Titla is a partner in the Titla & Parsi law firm and is admitted to practice law both in Arizona and on the San Carlos Apache Reservation. The firm represents the San Carlos Apache Tribe as special counsel and has also served as legal counsel for the election boards of the San Carlos Apache and San Juan Southern Paiute Tribes. Previously, Mr. Titla was an attorney with the Navajo Nation Department of Justice and has served as president of the National Native American Bar Association. In addition to a B.S. and J.D. from Arizona State University, Mr. Titla earned an M.B.A. from the University of Phoenix. From 1974-76 Mr. Titla served in the U.S. Marine Corps, leaving with an honorable discharge. He also served in the Arizona National Guard until his honorable discharge in 1980. Mr. Titla's term on the Citizens Clean Elections Commission expires in January of 2018.



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