

CITIZENS CLEAN ELECTIONS COMMISSION



2009 ANNUAL REPORT

Chairman

Royann J. Parker

Commissioners

Gary Scaramazzo

Jeffrey L. Fairman

Lori Daniels

Louis Hoffman

1616 W. Adams St. Phoenix, Arizona 85007
telephone: 602-364-3477 | toll free: 1-877-631-8891
www.azcleanelections.gov | ccec@azcleanelections.gov

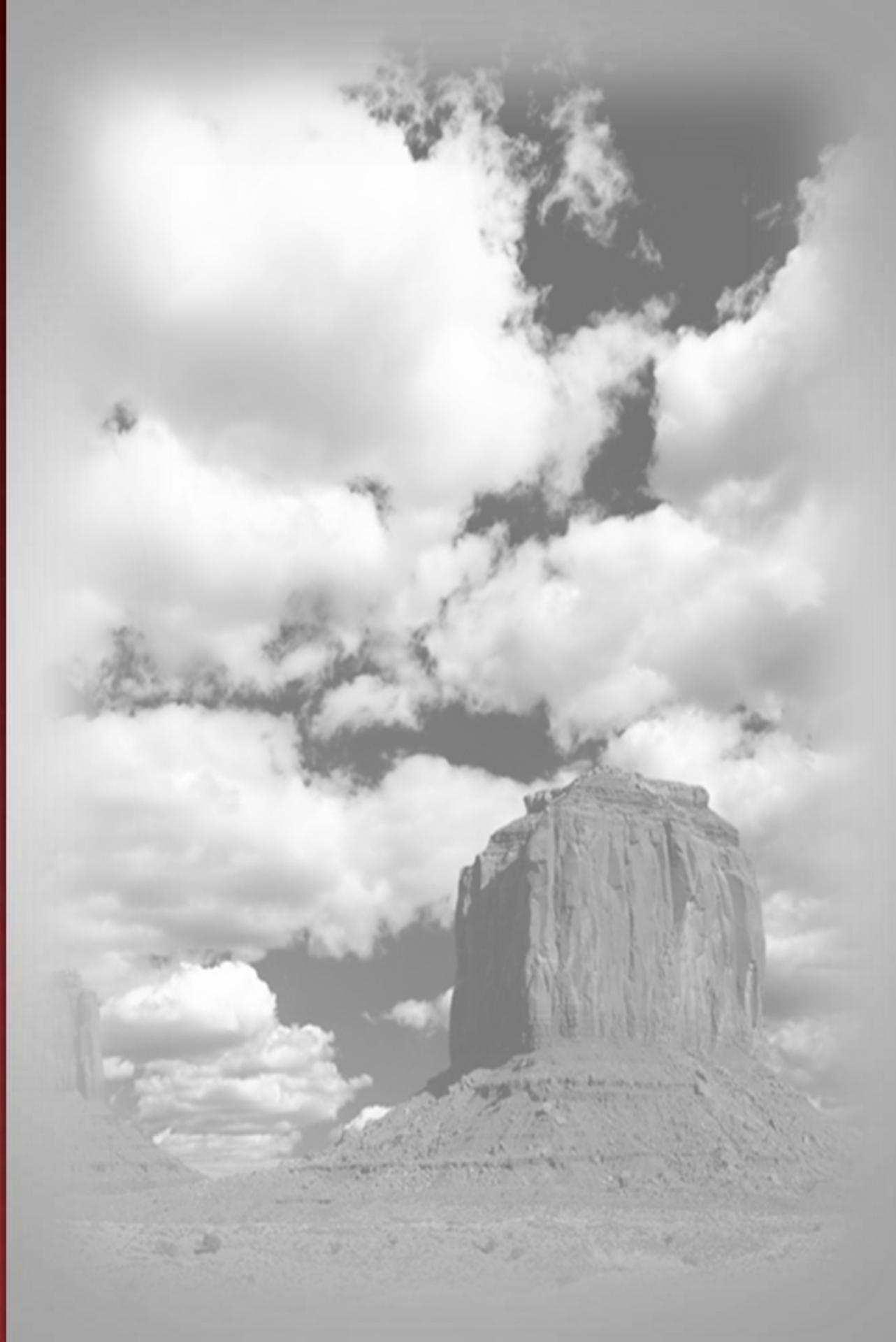


Table of Contents

Letter from the Chairman	1
Mission, Vision, Authority & Commission	2
Commission Members	3
Staff Duties	5
Commission Activity	7
Audit Information, Rule Changes	8
Litigation	8
Financial Information	9
Historic Participation, General Fund Transfers	10

Janice K. Brewer
Governor

Todd F. Lang
Executive Director



Royann J. Parker
Chair

Gary Scaramazzo
Jeffrey Fairman
Donald Lindholm
Lori S. Daniels
Commissioners

**State of Arizona
Citizens Clean Elections Commission**

1616 W. Adams - Suite 110 - Phoenix, Arizona 85007 - Tel (602) 364-3477 - Fax (602) 364-3487 -
www.azcleanelections.gov

February 25, 2010

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

Dear Governor Brewer:

We are pleased to submit for your information the 2009 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.

With the knowledge and experience gained through prior years, the Commission strives to continuously improve a public funding system that has become the role model for states across the country.

The Commission accomplished its goals in 2009, and looks forward to a productive and successful year in 2010.

Respectfully Yours,

Royann J. Parker, Chairman

Mission Statement

To fairly, faithfully and fully implement and administer the Citizens Clean Elections Act.

Vision Statement

Through the successful implementation of the Arizona Citizens Clean Elections Act, the Commission seeks to improve the integrity of Arizona state government and promote public confidence in the Arizona political process.

Authority

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.

Commission

The Commission consists of 5 members:

- No more than 2 shall be members of the same political party.
- No more than 2 shall be residents of the same county.
- No one shall be appointed who does not have a party registration that has been continuously recorded for at least 5 years immediately preceding appointment, with the same political party or as an independent.
- Each candidate shall be a qualified elector who has not, in the previous 5 years in this state, been appointed to, elected to or run for any public office, including precinct committeeman, or served as an officer of a political party.
- A member of the Commission shall serve no more than one term and is not eligible for reappointment.
- No Commissioner, during his or her tenure or for 3 years thereafter, shall seek or hold any other public office, serve as an officer of any political committee or employ or be employed as a lobbyist.

Commission Members

Royann J. Parker, Chairman - Republican - Pima County

Secretary of State Jan Brewer appointed Royann Parker to succeed former Commissioner Clark Dierks, who resigned due to health reasons. Mrs. Parker's term will expire January 31, 2011. Mrs. Parker graduated Cum Laude in 1978 with a bachelor's degree in history and secondary education from Grand Canyon University in Phoenix. She was a successful Republican primary candidate in 1982 for the District 20 seat in the Arizona House of Representatives previously held for many years by her mother, Lillian Jordan. During her extensive public service over three decades, Mrs. Parker was executive secretary on Capitol Hill in Washington, D.C., from 1979 to 1981 for Arizona Congressman Eldon Rudd; served as a chief assistant for a commissioner of the Arizona Corporation Commission; was legislative assistant for a governor of Arizona; a commissioner on Appellate Court appointments for two years; an executive assistant for nine years to the assistant director and director of the Arizona Department of Administration and Arizona Department of Revenue. She also was a commercial bank loan officer for five years. She currently spends full time raising her daughters and caring for her mother, is a substitute teacher and the Area Coordinator for Christian Youth Theater - Tucson.

Gary Scaramazzo- Independent - Coconino County

Governor Janet Napolitano appointed Page resident Gary Scaramazzo to the Citizens Clean Elections Commission in 2005 for a term that will expire in 2010. Mr. Scaramazzo received his bachelor's and master's degrees in History from Northern Arizona University and is a graduate of the Taft Institute of Government. He spent 12 years performing comprehensive community service, including two years as a member of the Page City Council and ten years as Mayor of Page. Mr. Scaramazzo has accumulated over 20 years of experience in public education as a teacher and coach at the high school level. He was a teacher in the Page Unified School District (1975-1995); instructor of Coconino Community College, Page Campus (1992-1996); the Governor's Northern Arizona Representative (1997-1999); marketing director for Sunrise Airlines (1999 & 2000); volunteer fireman in Page; president of the Arizona League of Cities and Towns; executive board member with the Governor's Alliance Against Drugs; and a representative on the Governor's Drug and Gang Policy Council. He is currently president of Scaramazzo & Associates consulting firm (1999-present); president of MarBella Development which has developed residential properties in Rocky Point, Mexico and Greenwood, Arkansas and is lead consultant on economic development initiatives in Northern Arizona including the Navajo Nation.

Commission Members (continued)

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.

Lori S. Daniels - Republican - Maricopa County

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.

Louis 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. His term will expire on January 31, 2014

Staff Duties

Todd F. Lang - Executive Director

Facilitate achievement of the Commission's goals and objectives. Direct agency operations and supervise staff, advise and support the Commission, oversee and monitor the implementation of the Commission policies and procedures, publications and forms. Advise the Commission on potential and pending issues and provide and establish efficient and effective mechanisms of communication among various stakeholders of the Act. Oversee and monitor the implementation of Commission policies and procedures. Set agenda and prepare materials for Commission and committee meetings. Serve as the Commission's representative to the Legislative and Executive Branch. Educate and assist candidates in compliance with reporting requirements, limits, and prohibitions, and assist candidates in participating and obtaining public funding.

Colleen McGee - Deputy Director

Serve as advisor to the Executive Director and assist in the daily administration and management of agency operations. Provide assistance and support to Executive Director in all aspects of staff supervision including program management, performance evaluations, strategic planning, implementation of Commission policies and special projects as requested. Provide oversight, direction and assistance to agency staff on voter education, public relations, candidate education, candidate debates, compliance programs, budgeting, annual reports, financial systems and other areas as directed or needed. Serve in an external relations function through public speaking engagements, and through membership, participation and involvement in relevant civic and professional organizations. Assist Executive Director in serving as a liaison to state agencies, legislators, other intergovernmental jurisdictions. Acts as the agency's Information & Technology coordinator

Paula Thomas - Executive Assistant

Manage human resource procedures and systems requirements. Serve as agency liaison to candidates and other state agencies. Provide technical service, assistance and training to Commission staff. Assist the Executive Director in the development of operating policies and procedures; assist in long-range organization planning; conduct special studies; recommend changes to correct operating deficiencies; recommend improvements to the provision of services to the public; prepare administrative directives; provide assistance and guidance as requested; represent the Executive Director at meetings involving personnel, government officials, political candidates and public leaders; prepare a variety of administrative reports; supervise personnel; assist Executive Director in executing the Citizens Clean Elections Act.

Staff Duties (continued)

Mike Becker - Voter Education Manager

Responsible for the development and distribution of the Candidate Statement Pamphlet to every household with a registered voter. Provide advice and guidance to debate sponsors and candidates for candidate debates. Manage all aspects of publicity, marketing and educational publications for the Commission, including advertising the Commission activities for debates, candidate statement pamphlets, and tax donations in newspapers, on radio, and other media. Travel statewide to provide educational seminars to candidate committees and community groups. Work with elected officials, community leaders, large and small employers, political parties, media and other state and local officials to enhance the understanding of the Act. Develop and circulate a quarterly *Bulletin*, updating interested parties on topics of interest regarding the Act. Provide updates for the website. Create informational brochures and handouts for distribution to voters. Establish fundamental measures for the execution of bi-yearly market research. Develop, maintain, and manage complex database applications to support administration of all Commission programs and activities.

Daniel Ruiz II - Campaign Finance Manager

Monitor and review both participating and nonparticipating candidate campaign finance reports. Calculate matching funds for participating candidates based on nonparticipating candidate campaign finance reports. Maintain contact with campaign treasurers and Secretary of State Elections staff. Responsible for the enforcement complaint process, including investigation and analysis; making recommendations to the Executive Director regarding the statute or rule violation; and tracking each complaint on the complaint tracking database program. Determines one-party-dominant legislative districts. Monitors and tracks independent expenditures for possible matching funds.

Commission Activity

Core functions of the Commission include providing public funding to qualified candidates through the Clean Elections Fund, publishing voter education pamphlets and sponsoring debates through Voter Education, administering the Clean Elections Fund, and enforcing campaign finance laws. The following are highlights of the Commission's accomplishments and events during the year 2009:

Voter Education and Outreach

- Pursuant to state statute the Commission is required to spend at least 10% of the spending cap on one of its primary functions; educating candidates and voters about the Clean Elections Act. Outreach in 2009 consisted of speaking engagements to social service organizations, civic clubs, and other interested parties. In addition, the Commission continued to keep the media and the public informed of the latest developments.
- In 2009, the Commission hosted 5 workshops. The coordination of the workshops included an informational PowerPoint presentation, the scheduling of workshops and handouts. The Commission also conducts online Candidate Workshops through the internet.
- The Commission continued the educational campaign, "Clean Elections. Everybody Wins." The campaign consisted of print advertisements in all areas of the state, and encouraged the citizens of Arizona to become involved in their political process.
- In addition to mainstream media, "banner ads" as well as "mobile ads" were used to direct and encourage people to view the Commission's website.

Clean Elections Fund

In February 2009, the Commission approved \$7,000,000.00 to be transferred to the State General Fund. Since 1998, when Arizona voters approved the Act, the Commission has given a total of \$34.8 million to the State of Arizona's General Fund.

Auditor General Evaluation

The Office of the State Auditor General conducted a compliance and internal control review of the Commission in 2009. The results disclosed no instances of noncompliance or significant deficiencies in internal controls to report.

Rule Changes

The Officeholder Expense account rule A.A.C. R2-20-104 (F) will sunset on April 30, 2010. The Commission adopted and enacted changes to A.A.C. R2-20-101(23), R2-20-104(D)(5), R2-20-107(D),(E),(H), R2-20-109(A), R2-20-111(B), R2-20-113(A),(B),(F), R2-20-702(7), and R2-20-702.01.

Litigation

John McComish et al, v. Bennett

This litigation is the continuing challenge by nine candidates and two political action committees (PACs) to the matching funds provisions of the Act. In 2008, the Federal Court in effect combined two separately litigated cases, Association of American Physicians and Surgeons v. Brewer and Dean Martin et al. v. Citizens Clean Election Commission into a single lawsuit. Plaintiffs allege that the Act unconstitutionally "coerces" candidates to participate in public funding, and that the Act chills speech by providing matching funds to a participating candidate based on a traditional candidate's expenditures or contributions or in response to an independent expenditure against the participating candidate or in support of his or her opponent. Federal District Court Judge R. Silver ruled in favor of the Plaintiffs and found that matching funds are unconstitutional. This ruling was appealed to the Ninth Circuit, where the matter is currently pending. The Ninth Circuit issued a stay on Judge Silver's ruling in order to maintain the status quo while the matter is pending. The Ninth Circuit ordered expedited briefing and oral argument is scheduled for April, 2010. Plaintiffs filed an emergency appeal with the Supreme Court and that matter is currently pending before Justice Kennedy. Regardless of the outcome of this litigation, Clean Elections initial grants are unaffected and will be issued on a timely basis. Matching funds will be available if the Courts rule in favor of matching funds -which provide for more speech in the marketplace of ideas.

Quelland v. Arizona Citizens Clean Elections Commission, et al

In 2009, the Commission found that State Representative Doug Quelland violated a number of campaign finance rules and statutes by failing to report expenditures made to a political consultant. As a result, the Commission issued fines and ordered Representative Quelland removed from office. Representative Quelland appealed this ruling to the Office of Administrative Hearings. Administrative Law Judge Thomas Shedden upheld the Commission's ruling. Representative Quelland has appealed this matter to Superior Court, where both parties have filed pleadings and await further order of the Court.

Financial Information

<u>2009 Revenues</u>	<u>Actual</u>
	Year-to-Date
Source	Total
Court Assessments	\$11,505,687
Commission Assessments	\$1,300
\$5 Tax Check-off	\$8,380,461
Tax Credits	\$226,658
\$5 Candidate Qualifying Contributions	0
Miscellaneous	\$28,827
Total	\$20,142,933

CY 2009 Expenditures	Admin/Enf	Voter Ed	Funding	Total
Total	\$758,953	\$ 1,273,156	\$ 0	\$ 2,032,109

Transfer to General Fund	
2009	\$ 7,000,000.00

Summary of Participation

2000	Primary	General
Participating Candidates	59	45
Funding Disbursed	\$926,712.34	\$1,005,553.50
2002	Primary	General
Participating Candidates	139	90
Funding Disbursed	\$7,343,006	\$5,379,634.75
2004	Primary	General
Participating Candidates	110	85
Funding Disbursed	\$2,246,258.65	\$2,111,290.80
2006	Primary	General
Participating Candidates	128	97
Funding Disbursed	\$4,275,638.07	\$5,106,484.13
2008	Primary	General
Participating Candidates	127	107
Funding Disbursed	\$3,290,276.15	\$4,564,970.05

Transfers to the General Fund

Year	Amount
2003	\$5,570,172
2004	\$973,887
2007	\$6,293,588
2008	\$15,000,000
2009	\$7,000,000
TOTAL	\$34,837,647



Clean Elections
Everybody wins

