

STATE OF ARIZONA

Citizens Clean Elections Commission

ANNUAL REPORT

JANUARY 1, 2000 - DECEMBER 31, 2000



Issued December 31, 2000
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Jane Dee Hull
Governor

Colleen Connor
Executive Director



L. Gene Lemon
Chairman

Claudia Ellquist
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Carl E. Lopez
David G. McKay
Commissioners

State of Arizona
Citizens Clean Elections Commission

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To The Honorable Jane Dee Hull
Governor of Arizona

Dear Governor Hull:

Pursuant to Arizona Revised Statutes (A.R.S.) § 16-956(B)(3), the Citizens Clean Elections Commission (Commission) submits its Annual Report. This was the first year statewide and legislative office candidates could voluntarily run an election under the Citizens Clean Elections Act (Act).

"Despite Kinks, New Election Law Is Having An Impact," was the post-election headline of the *Arizona Daily Star* (Nov. 27, 2000, page A4). The Commission is proud to have gotten through this first election cycle without any major problems and is pleased with its success in implementing this new law. The Act, however, very seriously needs corrections, as detailed in this report, for which we request your support.

The Act is a campaign finance reform measure that was initiated by Arizona citizens and passed by voters in 1998. The Act creates a new campaign financing system that provides full public funding to qualified candidates who agree to abide by Commission guidelines. Legislative (House of Representatives and Senate) and statewide office candidates (Governor, Secretary of State, Attorney General, State Treasurer, Superintendent of Public Instruction, Corporation Commissioner and Mine Inspector) are eligible to receive public funding.

Although public funding is available only to "participating candidates" who choose to certify and qualify for such funding, the Act significantly impacts "nonparticipating candidates," or those candidates who are funding their campaigns with private contributions. The Act requires nonparticipating candidates to lower their campaign contribution limits by 20 percent and to adhere to new reporting requirements. If these reporting requirements are not met, the Commission is empowered to impose civil penalties. To qualify for funding, participating candidates must adhere to strict spending and contribution limits and gather \$5 qualifying contributions from district constituents who are registered voters. Participating candidates also agree to attend required debates.

Through the Commission's administration and enforcement of the Citizens Clean Elections Act in an honest, independent and impartial fashion, the Commission strives to uphold public confidence in the integrity of the electoral system.

Respectfully yours,

A handwritten signature in black ink, appearing to read "L. Gene Lemon".

L. Gene Lemon, Chair

EXECUTIVE SUMMARY

The statewide and legislative elections in 2000 were the first elections in Arizona history to offer candidates the choice of using public funds for their campaigns through the Citizens Clean Elections Act.

All 90 seats in the Legislature and two seats on the Corporation Commission were contested in the 2000 election.

- 57 Candidates were approved to receive funding through the Act
- A total of \$1, 928,923 was distributed to these candidates
- 4 candidates received the full amount available for equalization of funding for races under the Act (1 in the primary election and 3 in the general election)
- Prior to the Act, there were 28 unopposed races for seats in the Legislature
- During the 2000 election cycle there were only 8 unopposed races in the Legislature
- 14 Legislative seats were won by candidates who ran with funding provided through the Act
- Both Corporation Commission seats were won by candidates who ran with funding provided through the Act

The Citizens Clean Elections Commission was required to develop a document to include a message chosen by each candidate and sponsor debates among candidates.

- *A Voter's Education Guide* was produced and mailed to more than 1,100,000 registered voters in Arizona
- A total of 54 debates were held for the primary and general elections
- 289 candidates participated in debates and 2,500 people attended

Additionally, the Commission had the authority to enforce the new campaign finance reporting requirements included in the Act.

- The Commission received 19 complaints against candidates and political parties during the 2000 election cycle
- Commission staff conducted reviews of campaign finance reports for compliance with the Act

OVERVIEW

The Citizens Clean Elections Commission met weekly and bi-weekly to conduct business, adopt policies and procedures, undertake investigations, issue findings on complaints, investigate potential violations for probable cause, promulgate rules and produce multiple publications. The Commission also provided public funding to eligible candidates in the primary and general elections for Corporation Commission and Legislative candidates during election year 2000.

Commission staff conducted training classes to aid candidates in record keeping, reporting and using Campaign Finance Software (CFS) 2000. Staff also spoke to various groups about the requirements of the Act and represented the State on the national level at the Council of Governmental Ethics Laws (COGEL) conference.

The Clean Elections Act incorporates four major programs: public funding for certified candidates, campaign finance disclosure, voter education and enforcement. The following are highlights of the Commission's accomplishments during the year 2000:

January 2000

- Hired Executive Director
- Set up procedure to certify candidates
- Began to organize system for accounting and disbursement of candidate funds
- Adopted seventh draft of rules as proposed rules for public comment
- Developed timeline for campaign activities and dates
- Developed Commission website
- Designed and developed the Commission logo
- Developed staff job descriptions and organizational chart
- Developed debate contract for U.S. Department of Justice preclearance

February 2000

- Approved debate contract with The League of Women Voters
- Appointed David McKay, Flagstaff, as Commissioner for a 5-year term
- Developed Voter Education Guide procedure
- Established language translation procedure for debates
- Developed process and procedure for hearings on rules
- Developed process and procedure for fund disbursement
- Implemented State's current uniform statewide accounting system for fund disbursement
- Developed Commission account management system
- Established calendar year budget for Voter Education, Administration and Enforcement expenses
- Produced 1999 Annual Report and distributed to Governor and Commission
- Implemented the Office of Administrative Hearings process for appeals of actions taken by Commission

- Designated one-party dominant legislative districts to comply with A.R.S. § 16-952 (D)

March 2000

- Adopted guidelines for public hearing on proposed rules
- Adopted proposed language translation procedure for candidate debates
- Approved calculations for Commission designated one-party-dominant legislative districts
- Developed and adopted substantive policy statements on use of surplus campaign funds and candidates collection of qualifying contributions
- Determined cost for Voter Education Guide
- Revised 2000 calendar year budget
- Established lease with Arizona Department of Administration and Attorney General's Office for new office space
- Developed communication policy with Commission and staff

April 2000

- Approved and adopted final rules Arizona Administrative Code (A.A.C.) R2-20-101 to R2-20-113
- Reviewed and approved revised 2000 calendar year budget
- Developed proposed budget for information systems and technology
- Established interagency service agreement (ISA) with Arizona Department of Administration regarding information technology, telecommunications, finance and accounting
- Approved substantive policy statement for certification of participating candidates
- Located new office space and signed lease
- Designed new office for furniture, equipment and staff requirements
- Developed electronics systems management for new office
- Reviewed and approved draft budget for candidate debates
- Established and approved procedures for disseminating candidate statements to the public through the Voter Education Guide
- Developed internal accounting system and financial reports
- Approved and adopted substantive policy statement for participating candidates that accept qualifying contributions during a party where the host serves nominal refreshments

May 2000

- Established and projected internal budget for candidate debates
- Submitted procedure for disseminating candidate statements in the Voter Education Guide to the U.S. Department of Justice for preclearance
- Relocated and opened the new office site for Commission and the public
- Installed new telephone and computer system for Commission
- Developed duties and authority for the Executive Director as per the Attorney General Opinion
- Approved the commission policies and procedures for sexual harassment, complaints and investigations, long distance phone calls, e-mail use, gratuity, media and communication, notice requirements, enforcement,

- commission meetings, dress code, training, travel and establishing or changing policies and procedures
- Developed fourth substantive policy statement that determined how and where qualifying slips may be obtained and a description of who may be a solicitor
- Developed Voter Education Guide in accordance with Commission's procedure approved in April 2000 and established a June deadline for candidate statement submission
- Began training classes for candidates

June 2000

- Adopted and revised original duties and authority of the Executive Director
- Continued to establish and fill staff positions
- Developed detailed management reports for accounting system integrated with the General Accounting Office and the Secretary of State's Office
- Certified and distributed the first primary election funding check to a participating candidate
- Implemented Commission Rules: Procedures for Disbursement (A.A.C. R2-20-208) and Procedures for Verifying Original Reporting Slips (A.A.C. R2-20-109)
- Received preclearance from U. S. Department of Justice for candidate statement and debate procedures
- Installed server with Secretary of State's Office to obtain campaign finance reports and therefore develop account management reports immediately
- Received 181 candidate statements for Voter Education Guide
- Developed and implemented publicity and weekly training for campaign finance reporting requirements for nonparticipating candidates
- Developed information exchange with Secretary of State's Office for timely campaign finance information
- Arizona Supreme Court held that a small portion of the Citizens Clean Election Act is unconstitutional, but severable
- Developed enforcement process for campaign finance reporting violations
- Established process for disbursing candidate campaign fund checks with General Accounting Office

July 2000

- Attended demonstration from the Secretary of State's Office on software (CFS 2000) for electronic filing of campaign finance reports
- Completed and implemented accounting and financial systems development with Secretary of State's Office
- Improved information exchange between Secretary of State's Office and Commission for electronic filings of campaign finance reports
- Completed Voter Education Guide for printing
- Established and completed a schedule for debates with League of Women Voters
- Established schedule for additional statewide Voter Education training classes

- Developed and approved policies for enforcement of late filing of campaign finance reports and alleged violations of reporting requirements
- Implemented connection to Arizona Financial Information System (AFIS) to retrieve financial data for Commission's financial tracking spreadsheets
- Developed Internet-based report with Secretary of State's Office to track triggering reports by office sought
- Developed audit report of period filings to track candidate expenditures and to ensure that triggering reports are filed
- Implemented weekly training seminars for nonparticipating candidates
- Approved policy for enforcement of campaign finance reporting violations
- Implemented internal fiscal management functions for processing checks and equalization of candidate funds

August 2000

- Mailed Voter Education Guide to all households with a registered voter
- Developed and approved a policy for write-in candidates for participation in debates and to receive public funding
- Established procedure to gather quorum of Commissioners for conditions of immediacy
- Established policy for a threshold amount of \$250 when equalizing funding to candidates
- Proposed code of conduct for Commissioners and legality of Commissioners involved in political activity
- Revised designation of one-party-dominant legislative districts
- Developed financial overview and budget projections for 2001-2004
- Developed and implemented procedures for staff to perform accounting functions on-site and separated duties involving financial transactions
- Developed a spreadsheet for approval of financial goals for strategic planning

September 2000

- Generated detailed account management reports daily to determine equalization of funding for candidates due to daily filing requirements
- Implemented procedure to equalize candidate checks within a 24 hour period that included input, verification, release and disbursement of funds
- Developed detailed financial report and submitted budget to the Governor's Office of Strategic Planning and Budgeting (OSPB)
- Developed and distributed letter for retrieval of unspent primary election funds for qualified candidates pursuant to A.R.S. § 16-953 (A)
- Developed enforcement actions for alleged campaign finance filing violations

October 2000

- Implemented calculation for general election equalization of funding based on A.R.S. § 16-952 (C) (4)
- Adopted policy for candidate return of early contributions received after qualifying period

- Proposed procedures for enforcement actions
- Adopted a financial projection of monies that the Fund will collect over next four years pursuant to A.R.S. § 16-954 (D)
- Adopted projection of amount of campaign funding
- Established Voter Education booth at the Arizona State Fair for distribution of Commission publications and voter registration forms
- Developed and recommended 12 legislative changes for 2001 legislative session
- Submitted revised financial projection to Governor's Office of Strategic Planning and Budgeting (OSPB) and Joint Legislative Budget Committee (JLBC)
- Developed proposed statute and rule changes
- Registered Chairman and 4 Commission staff members as lobbyists
- Developed tax credit publicity leaflet

November 2000

- Developed and mailed letter for retrieval of unspent general election funding for qualified candidates pursuant to A.R.S. § 16-953 (A)
- Drafted and prioritized proposed legislative changes
- Approved several proposed legislative changes
- Developed and distributed proposal for strategic planning
- 16 participating candidates were elected to office in the November 7, 2000 election
- Voter Education advertisements for tax credits were aired on radio and movie theatre screens
- Drafted and distributed internally-proposed survey of participating and nonparticipating candidates
- Proposed additional procedures for enforcement actions
- Developed and distributed press release and application for Commissioner position appointment
- Implemented Management and Leadership training classes for staff and Commission
- Registered domain names (web portal) for connection to the Commission website
- Distributed tax credit flyers (Voter Education publicity) to all state employees and various entities
- 32 radio stations in Phoenix and 22 radio stations in Tucson aired Commission advertising spots for Voter Education tax credit donations
- Sought approval from Arizona Department of Administration (ADOA) and Arizona Department of Revenue (ADOR) to make tax credit information flyers available for public viewing

December 2000

- Completed and mailed survey for participating and nonparticipating candidates by third party marketing firm
- Completed action on 19 complaints against candidates and political parties (Page 28 of this report provides more details on this subject)

- Developed and mailed letter to the editors of 40 statewide publications regarding voluntary tax donations to Clean Elections Fund
- Received and collected \$24,056, as of December 7, 2000, in unspent general election funds from participating candidates
- Developed 2001 advertising campaign for tax donations
- Conducted the first strategic planning session with staff and identified Commission customers and stakeholders
- Re-elected Chairman Lemon as Chair of the Citizens Clean Elections Commission for 2001
- Implemented and set dates for continuation of Management and Leadership Development seminars to be held starting in January 2001
- Developed and submitted a second revised financial analysis, including financial estimates, actual expenditures and performance measurements to the Joint Legislative Budget Committee (JLBC)

THE CITIZENS CLEAN ELECTIONS ACT

The Citizens Clean Elections Act, which was passed by voters in the November 1998 General Election, fundamentally changed Arizona's campaign finance laws by establishing a system for publicly funding candidate election campaigns. The system is voluntary; candidates may choose to participate in the system or they may choose to raise funds in the traditional manner.

The Governor proclaimed the Act as law on December 10, 1998. On February 16, 1999, the United States Department of Justice precleared the Act, thereby allowing the Act to go into effect. Then, The Citizens Clean Elections Commission was formed.

The following are highlights of the statutory scheme:

1. The Act applies to candidates for legislative and statewide offices.
2. To participate in the public funding system, a candidate must raise a limited number of \$5 contributions during a defined qualifying period. Contributions may only be made by qualified electors in the candidate's district. Furthermore, contributions from corporations and political action committees are prohibited.
 - For statewide office, the qualifying period runs from August 1 of the year before the election until 75 days before the general election.
 - For legislative office, the qualifying period runs from January 1 of the election year until 75 days before the general election.
 - The minimum number of \$5 qualifying contributions candidates must obtain during the qualifying period are as follows:

Legislature	200
Mine Inspector	500
Corporation Commissioner	1,500
Superintendent of Public Instruction	1,500
Treasurer	1,500
Attorney General	2,500
Secretary of State	2,500
Governor	4,000

3. The person soliciting qualifying contributions for a candidate cannot be compensated by the candidate to collect the contributions.

4. Participating candidates must complete the following provisions in order to qualify for funding.

- Candidates must apply for public funding with the Secretary of State within one week after the end of the qualifying period.
- The candidate also must file a schedule of the persons making qualifying contributions and give the Secretary of State a check in the amount of the \$5 qualifying contributions received, as well as the original signed contributor slips.

5. There are set amounts of public funding for participating candidates.

- Candidates who qualify for funding in contested party primary elections may receive an amount equal to the original primary election spending limit. Those amounts are as follows:

Legislature:	\$ 10,000
Mine Inspector:	\$ 20,000
Corporation Commissioner:	\$ 40,000
Superintendent of Public Instruction:	\$ 40,000
Treasurer:	\$ 40,000
Attorney General:	\$ 80,000
Secretary of State:	\$ 80,000
Governor:	\$380,000

- The day after the primary election, qualifying candidates who are major party candidates in opposed elections may receive the following public funds:

Legislature:	\$ 15,000
Mine Inspector:	\$ 30,000
Corporation Commissioner:	\$ 60,000
Superintendent of Public Instruction:	\$ 60,000
Treasurer:	\$ 60,000
Attorney General:	\$120,000
Secretary of State:	\$120,000
Governor:	\$570,000

- An independent candidate is eligible to receive 70 percent of the sum of the original primary and general election spending limits.
- An unopposed candidate is eligible to receive only his or her qualifying contributions as the spending limit for that election.
- Participating candidates for the Legislature may use \$500 of personal monies for their campaigns and candidates for

statewide office may use \$1,000 in personal monies for their campaigns.

6. Participating candidates may raise a limited number of private contributions, which are called early contributions, during the exploratory and qualifying periods. The early contributions are limited to \$100 per contributor. The limits on the amounts that candidates may raise in early contributions are as follows:

Legislature:	\$ 2,500
Mine Inspector:	\$ 5,000
Corporation Commissioner:	\$10,000
Superintendent of Public Instruction:	\$10,000
Treasurer:	\$10,000
Attorney General:	\$20,000
Secretary of State:	\$20,000
Governor:	\$40,000

7. Participating candidates having debt from a prior election in which they were not publicly funded may accept contributions to retire that debt, subject to the nonparticipating candidate limits and only during the exploratory period.
8. Nonparticipating candidate contribution limits are lowered by 20 percent.
9. Participating candidates are entitled to receive matching funds when an opposing, nonparticipating candidate exceeds the primary or general election spending limits. Matching funds also will be provided to participating candidates when independent expenditures are made on behalf of a nonparticipating candidate in the race.
10. The Citizens Clean Elections Fund receives its revenues from the following sources:
 - An annual fee of \$100 imposed on all registered lobbyists representing 1 or more persons in connection with a commercial or for-profit activity, except public bodies, or a non-profit entity predominately composed of or acting on behalf of a trade association or other grouping of commercial or for-profit entities.
 - An additional surcharge of 10 percent imposed on all civil and criminal fines and penalties collected pursuant to A.R.S. § 12-116.01
 - A \$5 voluntary contribution per taxpayer who files an Arizona state income tax return by marking an optional check-off box on

the first page of the form. A taxpayer who checks this box receives a \$5 reduction in the amount of tax and \$5 from the amount of taxes paid will be transferred to the Fund.

- A voluntary donation to the Fund by designating the Fund on an income tax return form filed by the individual or business entity, or by making a payment directly to the Fund. Any taxpayer making a donation shall receive a dollar-for-dollar tax credit not to exceed 20 percent of the tax amount on the return or \$500 per taxpayer, whichever is higher.
- Qualifying contributions received by participating candidates.
- Civil penalties assessed against violators of the Citizens Clean Elections Act.

11. There are additional campaign finance reporting requirements.

- a. In addition to existing campaign finance reports that all candidates must file, nonparticipating candidates must file “original” and “supplemental” campaign finance reports with the Secretary of State when the candidates make expenditures that exceed of 70 percent of the primary election spending limit, or receive contributions, less the expenditures through the primary, that exceed 70 percent of the general election spending limit.
- b. Participating candidates must comply with existing campaign finance reporting laws.
- c. Campaign finance reports must be filed electronically with the Secretary of State and bank accounts, campaign finance reports and financial records relating to the campaign must be available for public inspection.
- d. Any individual or entity making an independent expenditure on behalf of a candidate must report the expenditure once it exceeds \$500 in an election cycle. Each additional independent expenditure totaling \$1,000 must be reported as well.

12. There are potential legal consequences for enforcement actions.

- a. Civil penalties
 - i. A participating candidate who exceeds the contribution or expenditure limits, shall be assessed a penalty of ten times the excess contribution or expenditure.
 - ii. Any candidate that violates the reporting requirements, shall be assessed a penalty of \$100 per day for legislative candidates and \$300 per day for statewide candidates.

iii. Under some circumstances, the candidate may be disqualified or forced to forfeit office.

iv. A knowing violation by a participating candidate will require the candidate to repay from personal funds, all monies expended from the candidate campaign account, as well as returning to the fund the candidate's campaign account.

b. Knowing violations are prosecutable as a Class One Misdemeanor

13. The Act establishes a 5-member Commission, the Citizens Clean Elections Commission, to implement and enforce the Act.

THE CITIZENS CLEAN ELECTIONS COMMISSION

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 enforcing the provisions of Article 2, the Commission promulgates rules and enforces A.R.S. §§ 16-940 through 16-961.

Function:

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.

The Commissioners are chosen based upon the following criteria:

- Those who are committed to enforcing the Act in an honest, independent and impartial fashion.
- Those who seek to uphold public confidence in the integrity of the electoral system.

Initially, the Commission on Appellate Court Appointments nominated 5 slates each having 3 candidates.

- Governor Jane Dee Hull (R) selected a candidate, L. Gene Lemon (R), from one of the slates to serve on the Commission for a term ending January 31, 2004;
- Next, the highest-ranking official holding a statewide office who is not a member of the same political party as the Governor, Attorney General Janet

Napolitano (D), selected one candidate, Ruth S. Jones (D), from another slate to serve on the Commission for a term ending January 31, 2003;

- Next, the second-highest-ranking official holding a statewide office of the same political party as the Governor, Secretary of State Betsey Bayless (R), selected one candidate, Carl Lopez (D), from one of the three remaining slates to serve on the Commission for a term ending January 31, 2002;
- Next, the second-highest-ranking official holding a statewide office who is not a member of the same political party as the Governor, Senate Minority Leader Jack Brown (D), selected one candidate, Claudia Ellquist (Green Party), from one of the two remaining slates to serve on the Commission for a term ending January 31, 2001; and
- Finally, the third-highest-ranking official holding a statewide office of the same political party as the Governor, Treasurer Carol Springer (R), selected one candidate, Jeanine Dike (R), from the last slate to serve on the Commission for a term ending January 31, 2000.
- Beginning in the year 2000, the Governor and the highest-ranking official holding a statewide office who is not a member of the same political party as the Governor shall alternate filling such vacancies. David McKay (R) was appointed by Governor Hull (R) to serve the term beginning February 1, 2000, and ending January 31, 2005.

The Commission holds regular meetings, which are open to the public, and annually elects its chair and reports its activities to the Governor, the Legislature and the public.

COMMISSIONER BIOGRAPHIES

Chairman Leslie “Gene” Lemon – Republican – Maricopa County

Governor Jane Dee Hull appointed Phoenix resident Gene Lemon as chairman of the Citizens Clean Elections Commission in 1999 for a term that will expire in 2004. Mr. Lemon received his bachelor's and law degrees from the University of Illinois. He retired as vice president-administration from VIAD Corp. (formerly Dial Corp. and Greyhound Corp.), where he also spent 27 years (1972-1999) as assistant general counsel and general counsel. From 1964-1969 Mr. Lemon was senior attorney for Armour and Co. From 1964-1969 he served as assistant general counsel to the American Farm Bureau Federation and affiliated companies.

Mr. Lemon has served on numerous boards, including board of directors (1992-1997) and chairman of the audit committee (1993-1995) for FINOVA Group Inc.; board of directors (1995-1997) for the Food & Drug Law Institute; board of directors (1989-1995) for the Phoenix Chamber of Commerce; board of directors (1985-1998) and chairman of the board (1993-1995) for the Phoenix Children's Hospital; board of trustees (1985-1998) and president (1990-1992) for the Phoenix Art Museum; and grand president (1974-1976) and currently legal counsel for Alpha Gamma Rho Fraternity. Mr. Lemon currently serves on the board of directors of the American Arbitration Association; the National Conference of Commissioners of Uniform State Laws; and the board of visitors for the University of California-Davis School of Medicine. Mr. Lemon is a member of the American Bar Association; the Association of General Counsel; Arizona State Bar; Maricopa County Bar Association; International Bar Association; Arizona Club; City Square Racquet Club and Paradise Valley Country Club.

Dr. Ruth S. Jones – Democrat – Maricopa County

Attorney General Janet Napolitano appointed Scottsdale resident Ruth Jones to the Citizens Clean Elections Commission in 1999 for a term that will expire in 2003. Dr. Jones holds a bachelor's degree from Indiana State University and a doctorate in political science from Georgetown University. Dr. Jones has been with Arizona State University since 1981 and currently serves as professor of political science and executive assistant to the university president for university programs. Her extensive teaching and research in fields of election campaign finance, American politics and interest groups are reflected in her many publications, including books, journal articles and papers, as well as national conference presentations. Her research specialty is state-level campaign finance.

Dr. Jones has served as chair for the Political Organizations and Parties section of the American Political Science Association and as a steering committee member of the Council on Governmental Ethics Laws (COGEL). Her community work includes service as a board member of Girls Ranch of Arizona and Neighborhood Partners Inc. She has received numerous awards and recognition for her teaching and research activities and has held many leadership roles in regional and national professional associations.

Carl E. Lopez – Democrat – Pima County

Secretary of State Betsey Bayless appointed Oro Valley resident Carl Lopez to the Citizens Clean Elections Commission in 1999 for a term that will expire in 2002. Mr. Lopez received a bachelor's degree and master's degree in educational administration from the University of Arizona. He served as principal and developer of Luz Academy of Tucson charter school (1997-1998); principal of Academia Cotopaxi in Quito, Ecuador (1984-1986); administrator, principal and teacher for the Tucson Unified School District (1953-1983) and in the U.S. Army (1950-1953). Currently, he is retired.

Mr. Lopez has a history of volunteering, including a lifelong involvement in the Tucson community. He has been president of the Pima County Sports Hall of Fame since 1995, as well as Arizona state director of training for economic security, investments, telephone fraud and diversities for the American Association of Retired Persons (AARP). He was consultant and trainer of trainers in employment and retirement planning for the AARP (1985-1995); co-chairperson for the committee for recruitment, registration and training of volunteers for the National Senior Olympics in Tucson (1997); and a member of the committee for the celebration of the birthday of Tucson, Los Descendientes del Presidio de Tucson (1995).

Claudia Ellquist – Green – Pima County

Senate Minority Leader Jack Brown appointed Tucson resident Claudia Ellquist to the Citizens Clean Elections Commission in 1999 for a term that will expire in 2001. Ms. Ellquist received her bachelor's and law degrees from the University of Arizona. She currently is an adjunct professor at Pima Community College, teaching a course in sociology; a member of the education committee for the Coalition of Arizonans to Abolish the Death Penalty (CAADP); state legislative chair for the Christian Women's Fellowship; board member of Sanctity of Life—People Against Executions (SOLPAE); and an elected elder at the First Christian Church. Ms. Ellquist has served as consultant for the Healthy Arizona Coalition; steering committee representative and state and local board member for the Church Women United; twice was Democratic precinct committeeman; chair of NOW PAC, which was instituted in 1994 to lead the successful recall of Pima County Assessor Alan Lang; and state and local board member for the National Organization for Women.

David G. McKay – Republican – Coconino County

Governor Jane Dee Hull appointed Flagstaff resident Dave McKay to the Citizens Clean Elections Commission in 2000 for a term that will expire in 2005. Mr. McKay received his bachelor's and master's degrees from Northern Arizona University. He retired after 35 years with the Flagstaff Unified School District, where he served as principal of Thomas Knoles Elementary School (1987-1998); principal of Christensen Elementary School (1982-1987); assistant principal of Christensen and Killip Elementary Schools (1976-1982); title III coordinator for Flagstaff Public Schools (1973-1976); assistant principal for Mt. Elden Elementary School (Killip) (1968-1973); guidance counselor for Flagstaff Elementary Schools (1966-1968); and science teacher for Flagstaff Junior High School (1963-1966). Mr. McKay founded Big

Brothers of Flagstaff in 1968 and has served as executive director since. He also has served as a member of the Arizona School Administrators (1982-1997) and currently is a member of the investigative interview committee for the State Dental Board.

COMMISSION MISSION AND VISION

Mission Statement

To fairly, faithfully and fully implement and administer the Arizona 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.

SUMMARY OF COMMISSION ACTIVITIES

Meetings

The Citizens Clean Elections Commission held:

- 27 regular meetings
- 1 special meeting for a public hearing on Commission rules

Commission Policies

- A candidate who is interested in participating in the Citizens Clean Elections Act must first file an application to be certified as a participating candidate. After a candidate is certified as a participating candidate, the candidate is eligible to apply for funding. To receive funding, the certified participating candidate must submit a minimum number of qualifying contributions.
- A candidate who is interested in participating in the Citizens Clean Elections Act may accept qualifying contributions before the candidate has filed an application to be certified as a participating candidate.
- A candidate who is interested in participating in the Citizens Clean Elections Act may accept qualifying contributions during a party where the host serves nominal refreshments, so long as making contributions is not a prerequisite to partaking of refreshments.
- The Commission has the duty and authority to prescribe the qualifying contribution forms for candidates, solicitors and contributors to complete when a contributor makes a \$5 qualifying contribution. Pursuant to its authority, the Commission accepts the use of photocopies and computer reproduced qualifying forms that comply with the requirements set forth in the Citizens Clean Elections Act. *Arizona Health Care Cost Containment Sys. v. Bentley*, 187 Ariz. 229, 233,928 P.2d 653, 657 (App. 1996) (laws must be given sensible

construction that accomplishes legislative intent and which avoids absurd results).

- A candidate who is interested in participating in the Act shall collect qualifying contributions during the qualifying period. Each qualifying contribution must be accompanied by a three-part reporting slip that must include: the printed name, registration address, and signature of the contributor, the name of the candidate for whom the contribution is made, the date, the printed name and signature of the solicitor. A copy of the reporting slip shall be given as a receipt to the contributor.
- After collecting the minimum number of qualifying contributions, the candidate must tender to the Secretary of State the original reporting slips and an amount equal to the sum of the qualifying contributions collected.
- In the verification process, the reporting slips will be disqualified for any of the following reasons:
 - The slip is unsigned by the contributor;
 - The slip is not dated; or
 - The county recorder is unable to verify as matching a person who is registered to vote, on the date specified on the slip, inside the electoral district of the office the candidate is seeking.
- The candidate will be approved for funds if the slips that are not disqualified are equal to or exceed the minimum number of qualifying contributions.
- The three-part reporting forms are available at the Commission's office and at other locations. Those interested in obtaining forms should call the Commission or check the web site to find out the exact locations of where the forms are available. The Commission also will mail the forms to all those who request the forms by calling 602-200-0013 or toll free 1-877-631-8891.
- Further, a candidate may develop his or her own reporting form, or one that is photocopied or computer reproduced if the form substantially complies with the form prescribed by the Commission. The candidate must comply with the Citizens Clean Elections Act and ensure that the original contributor form is tendered to the Secretary of State, a copy remains with the candidate, and that a copy is given to the contributor.
- Because a qualifying contribution may be received unsolicited during the qualifying period, the candidate may sign the reporting slip as the solicitor and is accountable for all of the responsibilities of a solicitor.

- Because A.A.C. R2-20-103 (A) provides that candidates shall conduct all campaign financial activities through a single campaign account, a repayment of a candidate loan made in a previous election will not be deemed an expenditure for purposes of the reporting requirement set forth in A.R.S. § 16-941(B)(2) if the repayment is made from the previous election's account. A repayment of a candidate loan made in a previous election, however, will be deemed an expenditure for purposes of the reporting requirement set forth in A.R.S. § 16-941(B)(2) if the repayment is made from the present election's account.
- A candidate's transfer of surplus funds from a previous election cycle to an account to be used in the present election will be considered a contribution for purposes of the reporting requirements and for matching funds for the general election.
- A candidate's transfer of surplus funds from a previous election cycle to an account to be used in a future election will not be considered to be an expenditure or contribution for purposes of the reporting requirements for the present election.
- Communications to constituents count as expenditures for purposes of matching funds for participating candidates and for the reporting requirements imposed on nonparticipating candidates.
- Early contributions to participating candidates are not calculated in the equalization of funds for participating candidates.
- Expenditures made by nonparticipating candidates prior to pre-clearance, February 16, 1999, are considered expenditures for purposes of matching funds for participating candidates and for the reporting requirements imposed on nonparticipating candidates.
- Write-in candidates may not qualify for clean campaign funding for the Primary Election.
- If a write-in candidate for the primary election becomes the party nominee for the general election and meets all of the other qualifications to become a participating candidate, then the write-in candidate may qualify for clean campaign funding for the general election.
- Candidates invited to participate in the debates will be limited to those candidates who will appear on the primary or general election ballots, except for districts in which no candidate will appear on the ballot.

Publications

The Citizens Clean Elections Commission issued the following publications:

- Annual Report for 1999
- Voter Education Guide
- Citizens Clean Elections Act Handbook
- Citizens Clean Elections Finance Handbook

Voter Education

Candidate Debates

The Commission contracted with The League of Women Voters of Arizona Education Fund (League) to sponsor a series of debates for Corporation Commission and Legislative candidates for the 2000 primary and general elections. Pursuant to A.R.S. § 16-956(A), the debates were mandatory for participating candidates and nonparticipating candidates were invited to attend.

54 debates were held in both the primary and general election periods.

- 28 debates were held in the primary election period.
 - 204 of 253 total candidates participated
 - 2 of 57 participating candidates did not participate
 - Public attendance: 1,461 people (Average of 52 people per debate)
- 26 debates were held in the general election period.
 - 85 of 130 total candidates participated
 - 3 of 44 participating candidates did not participate
 - Public attendance: 1,026 (Average of 44 people per debate)

Voter Education Guide

During its April 25, 2000 meeting, the Commission approved the procedure for sending out the Voter Education Guide. All Corporation Commission candidates and Legislative candidates on file with the Secretary of State's Office were notified that they could submit a 200-word statement to be included in the Voter Education Guide, in accordance with A.R.S. § 16-956(A). The pamphlet was printed in both Spanish and English and mailed to every household with a registered voter.

The target mailing date was at least 33 days prior to the Primary Election (August 10, 2000) so early voters could use the guide to cast an educated, informed vote. The total cost of the Voter Education Guide was \$348,240.78.

Staff Training and Outreach

- Spoke at candidate orientations for information on the Clean Elections law and reporting responsibilities. Approximately 23 candidate workshops were held during this election cycle.
- Attended a training class titled “Strategic Information Resource Management Planning for Arizona Government.”
- Attended a training class on State Employee Ethics offered to state employees through the Arizona Department of Administration.
- Spoke at League of Women Voters’ seminars about Clean Elections and the 2000 election.
- Led numerous sessions at the Commission’s office about Clean Elections reporting requirements for nonparticipating candidates.
- Participated in training classes/seminars to attain and maintain a quality of job performance that meets the needs of the state, the Commission and the individual employee.
- Coordinated Campaign Finance Software training classes with Secretary of State.
- Demonstrated Campaign Finance Software and the triggers for Clean Elections campaign finance reports.
- Attended the Council on Governmental Ethics Laws (COGEL) conference.

Website (<http://www.ccec.state.az.us>)

The Commission maintains a site on the Internet that provides many client services, including the following:

- Electronic posting of Commission meeting notices, minutes and findings
- List of candidates who received public funding for the 2000 election
- Election 2000 public funding disbursements
- Electronic versions of many Commission publications and forms
- Links to the Arizona Statutes, State of Arizona, Secretary of State and Arizona State Legislature
- Commission and staff contact information and automatic e-mail access
- Biographies of current Commission members
- Candidate debate schedules
- Frequently Asked Questions
- Press releases
- Substantive Policy Statements
- Proposed Legislative changes

- Proposed rules for public comment
- Citizens Clean Elections Act Handbook

Enforcement

Summary of Complaints

- The Commission received 19 complaints against candidates and political parties in 2000.
- The subject matter of 5 issues contained in the complaints was not within the Commission's jurisdiction, and the issues were forwarded to the Secretary of State's Office for review.
- The Commission made a finding of "no probable cause" in 9 of the complaints.
- 4 of the candidates, against whom complaints were filed, came into compliance within 14 days, as required by law, therefore obviating the need for Commission action.
- The Commission's decision to exclude returned contributions in the calculation of matching funds was appealed to and overturned by the Office of Administrative Hearings (OAH). Upon review, the Commission accepted OAH's decision as final.
- The Commission entered into a settlement agreement with one candidate.

Staff Review of Campaign Finance Reports

- A staff review of candidates' June 30, 2000 and pre-primary reports was conducted in October 2000. Candidates who failed to file necessary items did so immediately upon receipt of staff notification. During this period, candidates voiced complaints about the difficulty using Campaign Finance Software.
- Staff conducted an audit of daily expenditures in the primary election and contributions in the general election to ensure that equalizing funds were quickly and accurately distributed to participating candidates.
- Staff conducted a post-general election review of participating candidates' accounts to determine the amount of Clean Elections money each candidate was required to return to the Fund. This audit was also performed to determine if any candidate exceeded set campaign spending limits.

Investigations

- The Commission reviewed investigations of 13 candidates and 3 investigations of political parties.
- The Commission issued 1 finding of probable cause against a candidate. The candidate was sent a letter of reprimand.
- The Commission's review was not necessary when candidates came into compliance within the required time frame.

Proposed Enforcement Rules

- The staff, with the Commission's input, drafted new enforcement rules to improve the Commission's ability to enforce the Act.
- The rules specifically describe and provide a step-by-step analysis of the complaint, investigation and settlement processes.
- The rules set forth the procedure for appealing a Commission decision to the Office of Administrative Hearings in accordance with A.R.S. § 41-1092 et. seq. This step is absent in the enforcement section of the Act.
- The rules set guidelines for the assessment of civil penalties.

CERTIFYING AND FUNDING CANDIDATES

Primary Election

There were 239 statewide and legislative candidates seeking election in the September 12, 2000 primary election. By August 31, 2000, the Commission certified 68 of the 239 candidates as participating candidates pursuant to A.R.S. § 16-947. Only 57 of those candidates, however, qualified for funding in the primary election in accordance with A.R.S. § 16-950.

- \$927,087 was allocated to candidates in the primary election.
- 8 House of Representatives candidates received equalizing funds.

General Election

A total of 164 candidates proceeded to the November 7, 2000 general election. The Commission funded 44 of the candidates.

- \$1,001,836 was allocated to candidates in the general election.
- 7 Senate and 15 House of Representatives candidates received equalizing funds.

Election Results

In the general election, 16 participating candidates received the highest number of votes in the election.

- Senate: 2 of 30
- House: 12 of 60
- Corporation Commission: 2 of 2

Comparison of Unopposed Races in the 1998 and 2000 Elections

1998 General Election (Pre Clean Elections Act)

Senate: 44 candidates, 17 unopposed races

House: 91 candidates, 11 unopposed races

Total: 135 candidates, 28 unopposed races

2000 General Election (Post Clean Elections Act)

Senate: 64 candidates, 7 unopposed races

House: 150 candidates, 1 unopposed race

Total: 214 candidates, 8 unopposed races

LITIGATION

State Court Decision: *Citizens Clean Elections Commission v. Honorable Robert Myers* (June, 2000)

The Arizona Supreme Court ruled a small portion of the Citizens Clean Elections Act unconstitutional, but severable. As a result, the Act itself is constitutional and campaign finance reform in the State of Arizona will continue for the 2000 election season and beyond.

"We easily conclude that the valid portions of the Act considered separately can operate independently and are workable. Nor is the result so irrational or absurd as to compel the conclusion that an informed electorate would not have adopted one portion without the other," states the June 16 Supreme Court opinion.

The portion of the Act alleged unconstitutional was the additional caseload given to the Commission on Appellate Court Appointments (CACA). Originally, CACA was given the responsibility of choosing slates of three candidates for consideration of sitting for five-year terms as Citizens Clean Elections Commissioners. After CACA chose the slates of commissioner candidates, the highest-ranking state officials of each major political party chose the commissioners based on criteria under the Act.

The Supreme Court agreed with the Superior Court that expanding the duties of CACA is not in keeping with the Arizona Constitution. However, the Supreme Court disagreed with the trial court, which said severability was not an option.

Because the Act's intention is that the appointed commissioners act independently of elected officials, and that their powers are limited to voter education and enforcement, the Arizona Supreme Court upheld the current commissioners' seats only to rid CACA of the duty of choosing slates of candidates for commission seats.

Federal Court Case: *Lavis v. Bayless*

This federal district court case challenges the Citizens Clean Elections Act revenue sources under the free speech and equal protection guarantees of the First and Fourteenth Amendments of the U.S. Constitution. The Act's revenue-collecting mechanisms include the 10 percent surcharge on all civil and criminal fines and penalties, and fees imposed on lobbyists. The plaintiffs assert that the surcharges constitute compelled speech and that the lobbyist fees constitute viewpoint discrimination, a prior restraint on speech and violate equal protection.

Candidate Challenges:

Glenna Twing v. Citizens Clean Elections Commission

Although Ms. Twing, a participating candidate, gathered the required number of valid, qualifying contributions, the Commission denied her primary election funding because a number of the invalidated qualifying contribution slips had been forged. Ms. Twing denied any knowledge of wrongdoing and requested that the Commission give the primary election funding to her campaign despite the forgeries. This case went to the Arizona Superior Court where the judge ordered the Commission to pay Ms. Twing the primary funding amount because she had gathered the required number of qualifying contributions and the Act does not specifically give the Commission the power to deny funding solely based on fraud in a campaign.

Sean Nottingham v. Citizens Clean Elections Commission

Mr. Nottingham was denied Clean Elections funding because he failed to gather the requisite number of acceptable qualifying slips and contributions. A number of the slips Mr. Nottingham gathered had been signed by voters who were not registered in his district, as required under the Act. In addition, a number of persons signed slips for which they did not make a donation; also a violation of the Act. Mr. Nottingham appealed the Commission's decision directly to Arizona Superior Court, without first appealing the decision to the Office of Administrative Hearings. Mr. Nottingham alleged that the restrictions on qualifying contributions were unconstitutional. The Superior Court judge's decision was two-fold. He first granted the Commission's motion to dismiss Mr. Nottingham's case. The judge denied judicial review based on the fact that Mr. Nottingham failed to first pursue an administrative review of his case. The judge also concluded that the restrictions on qualifying contributions set forth in the Act are constitutional.

LOBBYIST FEE

An annual fee in the amount of \$100, which is collected by the Secretary of State and deposited into the Citizens Clean Elections Fund, has been imposed on all registered lobbyists representing: 1 or more persons in connection with a commercial or for-profit activity except public bodies, or a nonprofit entity predominately composed of or acting on behalf of a trade association or other grouping of commercial or for-profit entities.

In 1999, the Secretary of State notified registered lobbyists that they were obligated to pay the \$100 fee, unless exempt.

- 1,275 paid the fee
- 795 filed an exemption statement
- 1,296 neither paid the fee nor filed an exemption statement

In 2000, the Secretary of State notified registered lobbyists that they were obligated to pay the \$100 fee, unless exempt.

- 893 paid the fee
- 615 filed an exemption statement
- 1,405 neither paid the fee nor filed an exemption statement

RECOMMENDATIONS FOR CHANGES TO THE LAW

Reporting Requirements

The Commission recommends that the Legislature amend the reporting requirements for nonparticipating candidates in A.R.S. § 16-940(B)(2) to commence the reporting at the beginning of the qualifying period, to limit the reporting to nonparticipating candidates who are unopposed in the primary or may be unopposed in the general election by a participating candidate, and to require the reporting of expenditures when the contract, agreement or obligation to make a payment is made.

Certification as a Participating Candidate

The Commission recommends that the Legislature give the Commission more authority to regulate candidates certified as participating. The recommended amendments to A.R.S. § 16-947 include a requirement that a participating candidate file a campaign finance report at the time of filing the application for certification, to prohibit candidates from accepting qualifying contributions until they are certified by the Commission, and to authorize the Commission to decertify, assess civil penalties or withhold funding from a certified candidate who violates any provision of the Act.

Qualifying Period

The Commission recommends that the Legislature change the ending date of the qualifying period to 120 days before the primary election. A.R.S. § 16-961(B)(3).

Define Solicitor

The Commission recommends that the Legislature add the definition of “solicitor” to mean an individual who is eligible to register to vote in the State of Arizona.

Cap Civil Penalties

The Commission recommends that the Legislature amend A.R.S. § 16-942 to limit a civil penalty to \$10,000 per violation.

Lobbyist Fee

The Commission recommends that the Legislature amend A.R.S. § 16-944 to require the \$100 annual lobbyist fee to be paid within 30 days of the notice to collect the fee, to assess a civil penalty of \$10 per day for each day the fee is late and to clarify that the Commission has the duty and authority to enforce the lobbyist fee requirement.

Impose Controls on Candidate Accounts

The Commission recommends that the Legislature amend A.R.S. § 16-948 to require participating candidates to preserve campaign finance records for 3 years, to restrict the use of Clean Elections funds to campaign purposes, and to require the return of funds not used for campaign purposes.

Qualification for Funding

The Commission recommends that the Legislature amend A.R.S. § 16-950 to clarify that funds tendered to the Secretary of State as qualifying contributions, will not be returned to the candidate. In addition, the Commission recommends that the Legislature change subsection C to require the county recorders to verify all qualifying contribution slips up to the minimum number required, rather than just a

sample. Lastly, the Commission recommends that the Legislature add a subsection to A.R.S. § 16-950 to authorize the Commission to deny funding to a candidate if the Commission has reason to believe that any of the qualifying contributions were forged or obtained fraudulently.

Selecting Commissioners

The Commission recommends that the Legislature make technical amendments to A.R.S. § 16-955 in accordance with the Arizona Supreme Court's ruling in *Citizens Clean Elections Commission v. Hon. Myers* to remove the Commission of Appellate Court Appointment and the members of the Arizona Supreme Court from the selection process for commissioners.

Candidate Statements

The Commission recommends that the Legislature change A.R.S. § 16-956(A) to authorize the Commission to assemble, publish and disseminate a candidate statement guide, rather than the county recorders including candidate statements with ballots.

Enforcement Procedure

The Commission recommends that the Legislature amend the enforcement procedure in A.R.S. § 16-957 to authorize the Commission to seek injunctive relief against a candidate for any violation that would cause irreparable harm to another candidate and to clarify that an alleged violator has an opportunity to appeal a Commission finding in the Office of Administrative Hearings.

Candidate Records

The Commission recommends that the Legislature amend A.R.S. § 16-958 to limit the immediate mailing of campaign finance reports to those participating candidates who request the mailings, and to change the right to public inspection of records to only the Commission's inspection of records.

STAFF DUTIES

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.

Deputy Director

Serve as advisor to the Executive Director and assist in management of the operations for the agency. Draft budget and oversee all day-to-day operations of the agency. Supervise and manage all of the financial operations for the agency. Develop, implement and oversee the agency strategic plan and manage the operational aspect of the plan for results. Develop personnel performance evaluations for staff. Manage the agency's compliance programs and information resources. Provide operational planning and management for the Commission's information technology resources. Perform systems analysis of all Commission programs and functions to determine appropriate uses of technology to further Commission goals. Provide application design, specification, project management and user training and support for the campaign finance software. Provide management with guidance in design of Commission website, develop high-level programming for interactive applications delivered on the web. Provide assistance to candidates and other interested parties.

Executive Assistant

Manage human resource procedures and systems requirements. Serve as agency liaison to candidates and other state agencies. Develop, maintain, and manage complex database applications to support administration of all Commission programs and activities. 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; recommends improvements to the provision of services to the public; prepare administrative directives; provide assistance and guidance as requested; represents 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.

Voter Education Administrator

Responsible for the development, creation and distribution of the Voter Education Guide to every household with a registered voter. Provide advice and guidance to debate sponsors, Commission staff and candidates for candidate debates. Manage all aspects of publicity, marketing and educational publications for the Commission, including advertising the Commission activities for debates, voter guide, and tax donations in newspapers, on radio, and other media. 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. Provide assistance with the development and promulgation of rules and regulations that allow the Commission to achieve the purposes of the Act.

Fiscal Services Manager

Reviews, monitors and controls amounts expended from the budget to assure that expenditures do not exceed funds available; reports problems to Executive Director; and reads and analyzes budget requests, gathers data, confers with agency personnel, and makes budget recommendations. Serve as the primary liaison between the Commission and the General Accounting Office, vendors and other subcontractors for the proper functioning of all financial systems and transactions. Develops standard operating procedures for all financial procedures relating to Commission activity. Gathers and compiles data and writes detailed reports summarizing financial transactions and status of accounts for a given period; allocates funds to agency programs including voter education, administration and enforcement; and composes directives and procedures as these relate to financial activities of the agency.

Administrative Counsel

Responsible for professional legal work of considerable difficulty involving new and often large election and campaign finance matters, precedent setting research and case presentation. Renders opinions on legal issues legislative amendments and rules that may have consequences that affect the direction of agency policy. Investigate written complaints, draft conciliation agreements, and findings for Commission consideration. Coordinate investigations and settlements of potential violations of the Act. Refer and monitor cases for enforcement such as civil penalties.

Administrative Assistant III

Provides administrative assistance for the Executive Director and the Administrative Counsel. Provides support in the preparation and execution of bi-weekly Commission meetings. Production of computer-generated letters, memorandum and reports. Administer local area network and modifications to website.

Administrative Assistant II

Provide administrative support to the Deputy Director and to other personnel if needed. Draft letters, memos, agendas, faxes, and answer telephones. Schedule project and client meetings on and off-site, and contact attendees to determine availability and to confirm meetings. Photocopy and distribute memos, correspondence and routine mailings. Prepare documents for mailing, open and distribute mail, and oversee mail meter.

FINANCIAL INFORMATION

Caps on Expenditures

The Act prescribes certain caps on expenditures from the Citizens Clean Elections Fund. Pursuant to A.R.S. § 16-949 (A), the Commission shall not spend more than \$5 times the number of Arizona resident personal income tax returns filed during the previous calendar year on all costs incurred under the law during a particular calendar year.

In calendar year 1999, there were 1,995,871 personal income tax returns filed with the Arizona Department of Revenue. This number was the sum of all forms 140, 140NR, 140PY, 140NPR, 140A and 140EZ filed. Therefore, the cap on total expenditures for calendar year 2000 from the Citizens Clean Elections Fund was \$9,979,355.

In addition, the Act imposes a cap on expenditures for administration and enforcement activities. The Commission may use up to 10 percent of the annual limit on costs for reasonable and necessary expenditures for administration and enforcement pursuant to A.R.S. § 16-949 (B). An amount of \$997,935 was the cap for reasonable and necessary expenditures for administration and enforcement in calendar year 2000. The Commission spent \$668,562 or 6.7 percent of the amount specified in § 16-949 (A), well below the authorized cap for expenditures for administration and enforcement.

Moreover, the Commission is required to spend 10 percent of its annual cap on revenue for voter education pursuant to A.R.S. § 16-949 (C). In 2000, the Commission spent \$590,725 or 5.9 percent of the amount specified in A.R.S. § 16-949 (A).

FINANCIAL INFORMATION

**Sources of Revenue
for the Citizens Clean Elections Fund
AFIS Fund Number 2425
for Calendar Year 2000
(Unaudited)**

REVENUES	
Revenue Sub-Category	AMOUNT
SALES & CHARGES FOR SERVICES, GOODS & CAPITAL ASSETS ¹	
Filing Fees	\$8,600
Title Certificate Fees	\$95,300
SUBTOTAL FOR SALES & CHARGES FOR SERVICES, GOODS & CAPITAL ASSETS	
	\$103,900
FINES, FORFEITURES & PENALTIES ²	
Court Assessments	\$4,665,313
SUBTOTAL FINES, FORFEITURES & PENALTIES	
	\$4,665,313
OTHER REVENUE ³	
Unrestricted Donations	\$1,943,041
Restricted Donations	\$135,589
SUBTOTAL OTHER REVENUE	
	\$2,078,630
TOTAL REVENUES	
	\$6,847,843

¹ Includes all lobbyist fees. Lobbyist fees were coded in AFIS to Comptroller Object 4314 Filing Fees from January 2000 to June 2000 and then coded to Comptroller Object 4319 Title Certificate Fees from July 2000 to December 2000.

² Includes all of the 10 percent surcharges imposed on all civil and criminal fines and penalties.

³ Includes all other revenues. Unrestricted donations include all \$5 voluntary contributions and other donations to the Fund. Restricted donations include qualifying contributions from participating candidates and other donations to the Fund.

**Uses of Expenditures
from the Citizens Clean Elections Fund
AFIS Fund Number 2425
for Calendar Year 2000
(Unaudited)**

EXPENDITURES	Administrative and Enforcement	Voter Education	Campaign Funds	Total
Personal Services ⁴	\$220,016	\$60,836	\$0	\$280,852
Employee-Related Expenditures	\$39,844	\$11,000	\$0	\$50,844
Professional & Outside Services ⁵	\$106,940	\$67,848	\$15,984	\$190,772
Travel In-State	\$8,890	\$3,141	\$0	\$12,031
Travel Out-of-State	\$8,511	\$1,991	\$0	\$10,502
Aid to Individuals and Organizations ⁶	\$0	\$0	\$1,891,474	\$1,891,474
Other Operating Expenditures	\$118,627	\$392,130	\$9,966	\$520,723
Capital Equipment	\$57,866	\$19,288	\$0	\$77,154
Non-Capital Equipment	\$107,265	\$34,491	\$0	\$141,756
Operating Transfers Out ⁷	\$603	\$0	\$0	\$603
TOTAL EXPENDITURES	\$668,562	\$590,725	\$1,917,424	\$3,176,711

⁴ Includes funding for 8 full-time equivalents (FTE) and \$200 per Commissioner per meeting. Only 11,660 work hours were completed out of a potential 16,640 due to the late startup of the Commission and late filling of positions.

⁵ "Campaign Funds" include attorney fees paid pursuant to Maricopa County Superior Court decision in the matter of *Twing v. Citizens Clean Elections Commission*.

⁶ Includes \$1,928,923 distributed to participating candidates and \$37,449 of unspent campaign funds returned to the fund as of December 31, 2000.

⁷ Transfer made to the Office of Administrative Hearings.

**Summary of Sources and Uses of Revenues and Expenditures
for the Citizens Clean Elections Fund
AFIS Fund Number 2425
for Calendar Year 2000
(Unaudited)**

Beginning Fund Balance (January 1, 2000)	<u>\$2,037,582</u>
REVENUES	
Filing Fees	\$8,600
Title Certificate Fees	\$95,300
Court Assessments	\$4,665,313
Unrestricted Donations	\$1,943,041
Restricted Donations	<u>\$135,589</u>
TOTAL REVENUES	\$6,847,843
EXPENDITURES	
Administrative and Enforcement	(\$668,562)
Voter Education	(\$590,725)
Campaign Funds	<u>(\$1,917,424)</u>
TOTAL EXPENDITURES	(\$3,176,711)
Adjustment to AFIS ⁸	(\$40,289)
Beginning Fund Balance (January 1, 2001)	<u>\$5,668,425</u>

⁸ The Commission operates on a calendar year basis and the state accounting system operates on a state fiscal year basis (July 1 to June 30). The adjustment reflects the miscoding of payroll expenditures into the incorrect state fiscal year.