



# ARIZONA CITIZENS CLEAN ELECTIONS GUIDE



[azcleanelections.gov](http://azcleanelections.gov)

## **Early Contribution Limits**

- Collected and spent during the exploratory period and through July 28, 2020.
- Individuals may contribute up to a maximum of \$170.
- Contributions from political action committees (PACs), businesses, corporations, political parties and labor unions are prohibited.
- A participating candidate may contribute personal funds up to a maximum amount of \$770 for candidates for the legislature and \$1,520 for candidates for Statewide offices. The personal contribution limit includes contributions received from certain family members.
- A participating candidate's total early contributions must not exceed the amount specified below.
- A non-participating candidate who later chooses to run as a participating candidate may not have spent contributions exceeding the individual early contribution limit of \$170 or exceeding the aggregate early contribution limit for the specified office.

## **\$5 Qualifying Contributions** (Can be collected from August 1, 2019 through July 28, 2020.)

- A candidate must collect a minimum number of qualifying contributions. The Commission recommends collecting 20% more \$5 Qualifying Contributions than the minimum number required.

Candidate Type	Early Contribution Limit	Personal / Family Contribution Limit	\$5 Qualifying Contributions
Corporation Commission	\$29,004	\$1,520	1,500
Legislature	\$4,530	\$770	200

## **Expenditures**

- A participating candidate must adhere to expenditure limits and may not make expenditures in excess of the cash on hand. Cash on hand includes both early contributions received and candidate funding.

## **Candidate Funding**

- In 2020, candidates running for the following offices are eligible to apply for Clean Elections funding.

Election Funding	Corporation Commission	Legislature
Primary	\$116,016	\$18,121
General	\$174,024	\$27,182
Independents	\$203,028	\$31,712

# Important Dates

EVENT	EVENT
Primary Election: August 4, 2020	<b>Candidate Statement Pamphlet Submission Deadlines:</b> Primary CSP: April 13, 2020
Primary Early Voting Begins: July 8, 2020	
General Election: November 3, 2020	General CSP: August 10, 2020
General Early Voting Begins: October 7, 2020	Qualifying Period Begins: August 1, 2019
Candidate Nomination Petitions:	Qualifying Period Ends: July 28, 2020
First day to file: March 7, 2020	Deadline to Submit \$5 Qualifying Contributions: August 4, 2020
Last day to file: April 6, 2020 at 5:00 p.m.	

## Campaign Finance Reporting Dates

NAME OF REPORT	TIME PERIOD COVERED IN REPORT	REPORT FILED WITH SECRETARY OF STATE
2019 1st Quarter Report	January 1, 2019 to March 31, 2019	April 1, 2019 to April 15, 2019
2019 2nd Quarter Report	April 1, 2019 to June 30th, 2019	July 1, 2019 to July 15, 2019
2019 3rd Quarter Report	July 1, 2019 to September, 30, 2019	October 1, 2019 to October 15, 2019
2019 4th Quarter Report	October 1, 2019 to December 31, 2019	January 1, 2020 to January 15, 2020
2020 1st Quarter Report	January 1, 2020 to March 31, 2020	April 1, 2020 to April 15, 2020
2020 2nd Quarter Report	April 1, 2020 to June 30, 2020	July 1, 2020 to July 15, 2020
2020 Pre-Primary Report	July 1, 2020 to July 18, 2020	July 19, 2020 to July 27, 2020
Qualifying Period Recap Report***	Covering all campaign transactions through July 28, 2020	July 29, 2020 to August 2, 2020
Primary Recap Report***	July 29, 2020 to August 4, 2020	August 5, 2020 to August 9, 2020
2020 3rd Quarter Report	July 19, 2020 to September 30, 2020	October 1, 2020 to October 15, 2020
2020 Pre- General Report	October 1, 2020 to October 17, 2020	October 18, 2020 to October 26, 2020
General Recap Report***	October 18, 2020 to November 3, 2020	November 4, 2020 to November 8, 2020
2020 4th Quarter Report	October 18, 2020 to December 31, 2020	January 1, 2021 to January 15, 2021

\*\*\*Denotes reports that only participating candidates will file.

# W

elcome to Arizona's Citizens Clean Elections Commission Candidate Guide for the 2019-2020 election cycle.

The Citizens Clean Elections Act (Act) is a campaign finance reform measure that was initiated by Arizona citizens and passed by voters in 1998. The Act created a non-partisan commission to provide voter education and oversee the administration and enforcement of campaign finance laws. It also created Clean Elections funding which allows statewide and legislative candidates, who forgo PAC and other large dollar contributions in favor of \$5 contributions from Arizona voters, to run for office.

**This guide is intended solely as a reference. Every effort has been made to present accurate and reliable information, however, information contained in this guide may change periodically. Please take note that the information contained herein should not be considered as having the same weight and authority as Arizona Revised Statutes, Arizona Administrative Code, established court decisions and Attorney General Opinions.**

In the event any information conflicts, this guide is not controlling and users must instead follow relevant legal authority. The information contained in this guide is not a satisfactory substitute for legal counsel. If you believe that you or your committee could be adversely affected in any matter relating to the subject matter contained herein, you should seek the professional assistance of an attorney.

The guide is available in alternate formats. Persons who need information about the guide in alternate formats should contact the Commission.

If you have questions, please do not hesitate to contact us at 602-364-3477 (toll free at 1-877-631-8891), or e-mail us at [ccec@azcleelections.gov](mailto:ccec@azcleelections.gov). We look forward to working with you.

### **Commissioners**

Mark Kimble, Chairman (I)

Steven M. Titla, (D)

Damien R. Meyer (D)

Galen D. Paton (R)

Amy B. Chan (R)

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# 1 Becoming a Statewide or Legislative Candidate



## How to Become a Statewide or Legislative Candidate

### Statement of Organization<sup>1,2</sup>

All individuals must file a statement of organization with the Secretary of State if the individual has received contributions or made expenditures, in any combination, of at least \$1,100. Statewide and legislative candidates can file the Statement of Organization with the Secretary of State's Office electronically through the online campaign finance reporting system. The individuals must file a Statement of Organization within ten days of reaching the \$1,100 threshold. The Commission recommends individuals considering participation in the clean elections program **file a Statement of Organization before:**

- Making any expenditures;
- Accepting any contributions;
- Distributing any campaign literature; or
- Circulating any petitions.

**The Statement of Organization must be filed with the Secretary of State's office** and must include the following:

1. The name, address, email address and type of committee. To become a participating candidate, select "Candidate (Participating)."
2. The names, addresses, telephone numbers, occupations and employers of the chairman and treasurer of the committee. It is permissible for a candidate to be the chairman and treasurer of his/her own campaign committee.
3. Name of the banking institution used by the committee.
4. The name, address, office sought and party affiliation of the candidate. **Candidates for the Legislature must indicate in which district they are running.**
5. Signatures for the candidate, chairman and treasurer are required (electronic and typed signatures are sufficient) **A candidate must sign in all three designated places if a candidate is acting as his/her own chairman and treasurer.**

### Statement of Interest

All individuals that may decide to run for a statewide or legislative office must file a Statement of Interest with the Secretary of State's office. The statement must contain the name of the potential candidate, the political party (if any) of the potential candidate, and the office being sought. This must be filed no later than the date of the first petition signature on the candidate's nominating petitions.

### Important Notice

*Pursuant to A.R.S. §§16-941, -948 and A.A.C. R2-20-114, participating candidates shall conduct all campaign finance activity through a single designated campaign bank account. Participating candidates shall not deposit any funds into the campaign bank account other than those permitted by A.R.S. §§16-945 and -946. All withdrawals from the campaign bank account must be for direct campaign expenditures only, pursuant to A.R.S. §§16-948, -953, A.A.C. R2-20-702 and -703.*

# Chapter 1

**Refunds of all contributions in excess of the contribution limit or from PACs, labor unions, businesses, political parties and corporations must be made prior to the filing of the Application for Certification and any necessary campaign finance reports.**

## **Application for Certification as a Participating Candidate**<sup>3</sup>

Candidates that wish to participate in the Clean Elections program must file an “Application for Certification as a Participating Candidate” with the Secretary of State’s office before the end of the qualifying period, July 28, 2020. The form is available through the campaign finance reporting system. The Secretary of State’s office will forward a copy of the completed application to the Commission.

A candidate may also be required to file a campaign finance report disclosing all contributions and expenditures at the time of filing the application. **Contributions cannot exceed \$170 per individual.** Contributions from PACs, labor unions, businesses, political parties or corporations are prohibited.

A candidate is not eligible to become a participating candidate if the campaign committee has **spent** contributions exceeding the aggregate early contribution limit or in excess of the personal contribution limit<sup>5</sup>:

Candidate Type	Early Contribution Limit	Personal / Family Contribution Limit
Corporation Commission	\$29,004	\$1,520
Legislature	\$4,530	\$770

The Commission will approve or deny the candidate application within seven calendar days and will notify the candidate by e-mail. Once certified, the candidate is held to all laws and rules governing participating candidates.

## **Participating Candidate Training Workshops**<sup>4</sup>

*A participating candidate must attend at least one Commission sponsored candidate training class **within 60 days** of being certified or within 60 days of the beginning of the qualifying period if the candidate is certified before the beginning of the qualifying period. If the candidate is unable to attend a training class, the candidate shall:*

- Notify the Commission that the candidate is unable to attend a training class. The Commission then will send that person the Commission training materials; and
- The candidate shall sign and send to the Commission a statement certifying that he or she has received and reviewed the Commission training materials.

The training schedule can be found on the Commission website at [www.azcleanelections.gov](http://www.azcleanelections.gov).

Non-participating candidates and members of the public are welcome to attend a Commission sponsored training workshop.

If a participating candidate fails to attend a Commission sponsored workshop, the candidate is subject to an enforcement matter and possible fine up to \$1,000 for a legislative candidate and \$5,000 for a statewide candidate<sup>6</sup>.

## **Nomination Petitions & Papers (Filed March 7, 2020– April 6, 2020)**<sup>7,8</sup>

A participating candidate must either be an Independent candidate or meet the following criteria:

- Must have filed nominating papers and nominating petitions with signatures in the primary election of a political party entitled to continued representation on the official ballot; or
- Must be a party nominee of a political party recognized on the official general election ballot.

## **Participating Candidates May File Prior to March 7, 2020**<sup>9</sup>

Any time after January 1, 2020, a participating candidate who is ready to apply for funding may file his or her nominating petitions and signatures early, instead of waiting until March 7, 2020. **The nominating petitions and signatures must be filed with the Secretary of State's office at the same time the candidate submits his or her \$5 qualifying contributions.** A candidate may continue to supplement the number of petition signatures required, but may only submit an application for funding once.

## **Resign to Run Law**<sup>10</sup>

The resign to run law applies to incumbent elected officers who seek election to any public office other than the office the incumbent is currently holding. If an elected official wishes to declare his or her candidacy anytime before the final year of the term being held, the officeholder must first resign his or her office. An incumbent shall be deemed to have offered himself for nomination or election on the filing of a nomination paper pursuant to A.R.S. §16-311(A). An incumbent is not deemed to have offered himself for nomination or election to an office by making a formal declaration of candidacy for the office.

## **Withdrawing from Clean Elections Program**<sup>11</sup>

A candidate who has been certified as a participating candidate may withdraw from participation. However, a candidate may not withdraw from participation once he or she has been approved for funding. If a candidate wishes to withdraw from participation, the candidate shall:

- Send written communication to the Commission stating the candidate's intent to withdraw and the reason for the withdrawal.
- Not accept any private monies in excess of the Clean Elections contribution limits until the withdrawal is approved by the Commission.

The Commission shall act on the withdrawal request within seven days, or the withdrawal is automatic.

A candidate whose withdrawal has been approved shall:

- Make his or her best efforts to return all \$5 qualifying contributions to the contributors; or
- If the candidate has the contributor's written authorization, the candidate may use the \$5 qualifying contribution as a campaign contribution; or
- If contributors cannot be contacted, the \$5 qualifying contributions shall be sent to the Commission.

# 2

## Clean Elections Funding



### Qualifying Period<sup>12,3</sup>

Candidates collect \$5 qualifying contributions during the qualifying period. Candidates must obtain a minimum number of qualifying contributions before the end of this period in order to apply for funding. **The qualifying period begins August 1, 2019 and ends July 28, 2020.** Candidates may not solicit \$5 qualifying contributions prior to August 1, 2019.

### Qualifying Contributions<sup>13</sup>

For the 2020 election cycle, the minimum number of \$5 qualifying contributions a candidate must receive is:

Corporation Commission	Legislature
1,500	200

To ensure that a candidate has a sufficient number of valid \$5 qualifying contributions, the Commission recommends that a candidate collect **at least 20%** more qualifying contributions than the minimum number required:

Corporation Commission	Legislature
1,800	240

Qualifying Contributions must be:

- The sum of \$5, exactly. A married couple may contribute a \$10 check, only if **BOTH** spouses sign the check and complete separate qualifying contribution forms;
- Made by a qualified elector ("contributor") - a person who is properly registered to vote in the district of the office the candidate is seeking;
- Received from a contributor who has not given another qualifying contribution to the same candidate during that election cycle;
- Received from a contributor who has not been given anything of value in exchange for the qualifying contribution;
- Received unsolicited or solicited from a person who is not employed or retained by the candidate and who is not compensated by or on behalf of the candidate to collect the qualifying contribution;
- If made by check or money order, made payable to the candidate's campaign committee, or if made in cash, deposited in the candidate's campaign committee's bank account.

**An individual may give a \$5 dollar qualifying contribution, a \$170 early contribution, as well as sign a nomination petition on behalf of the same candidate.**

Any expense incurred as a result of collecting \$5 qualifying contributions is considered to be a direct campaign expense and must be paid for out of the candidate's campaign bank account.

### **Qualifying Contribution Form**<sup>13,12</sup>

Each \$5 qualifying contribution must be accompanied by a qualifying contribution form. The Commission has developed a 3-part form that is available free to participating candidates. The Commission will provide up to each participating candidate up to 20% more forms than the minimum required for office the candidate is seeking.

The candidate may also develop his or her own \$5 qualifying contribution form. *This form must be submitted to the Commission for approval prior to use.* The form must include the name of the candidate; name, address, and original signature of the contributor; date of contribution; and the name and original signature of the solicitor.

### **REMINDER-FORMS ARE VERIFIED**<sup>12</sup>

Forms will be disqualified if:

- They are unsigned
- They are undated or incorrectly dated
- The contributor is not registered to vote on the date the form is signed
- The contributor is not registered to vote in the district on the date the form is signed
- The original signature is not submitted to the Secretary of State's office

### **Solicitation of the \$5 Qualifying Contributions**<sup>12,13</sup>

The solicitor is a volunteer who collects \$5 qualifying contributions on behalf of the candidate. A solicitor must be eligible to be registered to vote in Arizona. A resident of the state is qualified to register to vote if the individual:

- Is a citizen of the United States;
- Is eighteen years of age or more on or before the date of the regular general election next following registration;
- Has been a resident of the state 29 days preceding the next election;
- Is able to write his or her name or make a mark, unless prevented from doing so by physical disability;
- Has not been convicted of treason or a felony, unless restored to civil rights;
- Has not been adjudicated an incapacitated person.

The solicitor can be the candidate, the contributor or a volunteer. The solicitor **MAY NOT** be compensated to collect \$5 qualifying contributions unlike petition circulators.

On the \$5 qualifying contribution form, the solicitor must provide the following information:

- Solicitor's name;
- Residential address; and
- Signature.

### **Voter Registration**

*Candidates or solicitors may register an individual to vote at the time they receive a qualifying contribution. Voter registration forms are available from the Secretary of State's office or the County Recorder's office.*

## Chapter 2

### Unsolicited \$5 Qualifying Contributions<sup>13</sup>

Candidates may receive qualifying contributions unsolicited. If an unsolicited contribution is received, the candidate shall be accountable for all of the responsibilities of a solicitor. The accuracy of the information and signature on the form should be verified before the form is submitted to the Secretary of State's office.

### The E-Qual System<sup>12,14</sup>

The Arizona Secretary of State's E-Qual system allows registered voters to securely sign a candidate's nomination petition and/or contribute a \$5 Qualifying Contribution to a participating candidate. Participating candidates for statewide or legislative office may create an electronic \$5 Qualifying Contribution Form to collect \$5 contributions from voters. **A candidate may collect 100% of qualifying contributions utilizing the E-Qual system.**

- A candidate can access the E-Qual system through the Secretary of State's Candidate Portal to create and manage his/her nomination petition or \$5 Qualifying Contribution Form.
- Candidates will need to set up a PayPal account in order to collect \$5 Qualifying Contributions
- Candidates should refer to the E-Qual User Manual when establishing the campaign's PayPal account.

Corporation Commission	Legislature
1,500	200

### Excess \$5 Qualifying Contributions<sup>11</sup>

If a candidate receives \$5 qualifying contributions after the candidate applies for funding, the candidate has three options to dispose of the monies:

- The candidate may return the \$5 qualifying contribution to the contributor; or
- The candidate may ask the contributor's permission to keep the \$5 as an early contribution, provided that the contributor has not already reached the \$170 early contribution limit and the candidate has not already reached the aggregate contribution limit; or
- The candidate may send the \$5 qualifying contribution to the Commission. Prior to submitting the excess \$5 qualifying contribution, the candidate must first deposit the check(s) into their campaign account and then write one check to the Commission.

### E-Qual Overage<sup>12</sup>

Candidates who collect \$5 qualifying contributions through the E-Qual system might accumulate excess fund in their bank account due to a non-refundable transaction fee assessed by PayPal . If excess funds are accumulated they must be given to the Commission and reported on the candidate's campaign finance report as a transaction fee.

### Contribution Prohibitions<sup>15</sup>

A lobbyist may not give a contribution to a Legislator or the Governor when the Legislature is in regular session. In addition, lobbyists may not solicit contributions on behalf of a Legislator or the Governor when the Legislature is in regular session.

### **Reporting the \$5 Qualifying Contributions**<sup>8</sup>

All \$5 qualifying contributions are to be reported in the Secretary of State's campaign finance reporting system. The \$5 qualifying contributions will appear on the campaign finance reports for the reporting periods in which they are received. Candidates will not be able to apply for funding unless the contributions are entered into the system. The following information is required when entering \$5 qualifying forms into the campaign finance reporting system:

- The date the contribution was received;
- The contributor's full name (as it appears on their voter registration); and
- The county in which the contributor is registered to vote.

**Remember to sort the \$5 qualifying contributions by county for the funding application.**

## Chapter 2

### **APPLYING AND QUALIFYING FOR FUNDING<sup>3,12</sup>**

Once a candidate has collected the required number of \$5 qualifying contributions, the candidate may apply for Clean Elections funding through the Secretary of State's office ***no later than August 4, 2020***. *The Secretary of State's Office requires participating candidates to electronically file the Application to Receive Funds. Please contact the Secretary of State's Office with questions regarding the electronic filing procedures.*

### **How to Apply for Funding<sup>8,12</sup>**

To apply for funding, the candidate must file the following with the Secretary of State's office:

- Participating Candidate's Application to Receive Funds, list of \$5 qualifying contributions collected through the E-Qual system and Qualifying Contributions Report. This form is available through the campaign finance reporting system, <https://apps.azsos.gov/apps/election/cfs/filing/Login.aspx>
- Original qualifying contribution forms sorted by county.
- A check from the candidate's campaign bank account for the total amount of the \$5 qualifying contributions being submitted, made payable to the "Clean Elections Fund."

*(NOTE: Once \$5 qualifying contributions have been remitted to the Clean Elections Fund, the qualifying contributions will not be returned to the candidate for any reason.)*

### **The Reallocation Option (one-party-dominant district)<sup>16</sup>**

A legislative candidate who is a member of the dominant party in a one-party-dominant district may choose to reallocate a portion of funds from the general election period to the primary election period. A one-party-dominant district is a legislative district in which one political party exceeds every other political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts prior to the beginning of the qualifying period.

A candidate who chooses to reallocate must indicate "YES" in the appropriate box on the candidate's Application to Receive Funds and Qualifying Contributions Report. Once a candidate has been notified that he or she has been approved for funding, the candidate may not reverse the reallocation.

#### **ONE-PARTY-DOMINANT DISTRICT REALLOCATION FUNDING**

**Primary Election \$27,182**

**General Election \$18,121**

If a candidate wishes to reallocate funding and is approved for funding prior to the beginning of the primary election period the candidate will receive two disbursements:

1. at the time they are approved \$18,121 and
2. at the start of the primary election period (\$9,061).

After the beginning of the primary period, approved candidates will receive a single disbursement of \$27,182.

Primary election funds may not be used for the general election period even if the candidate chooses to reallocate funds.

## **Secretary of State's Verification Process**<sup>8,12</sup>

Once \$5 qualifying contributions are submitted, the Secretary of State's office will select a 5% random sample for candidates for statewide office and a 20% random sample for candidates for the legislature. The random sample is then sent to the county recorder of the county of the addresses specified on the selected forms. The county recorder will verify the selected forms within ten business days of receiving the random sample. The county recorder will provide a report to the Secretary of State's office identifying any disqualified forms.

### **Forms may be disqualified for the following reasons:**

- **Unsigned by the contributor;**
- **Undated or incorrect date; or**
- **Signed by a person who was not registered to vote in the electoral district of the office the candidate is seeking on the date specified on the slip.**

The Secretary of State's office shall multiply the number of forms not disqualified by 20 for statewide candidates and by 5 for legislative candidates. If the result is 110% or greater than the minimum number required, the candidate will be approved for funding.

### **5% and 20% Random Sampling**<sup>8</sup>

In order to produce a random sample large enough to result in certification for funding without having each qualifying contribution form checked by the appropriate county recorder, a candidate must submit **at least 20%** more qualifying contributions than the minimum number required.

## **Random Sample Procedure Examples**<sup>8</sup>

### **Legislative Assumption: A candidate for a legislative seat submits 240 qualifying contributions**

- Secretary of State takes 20% sample of 240, which is 48.
- If 48 of the 48 are valid,  $48 \times 5$  is 240,  $240/200$  is 120% which is above 110%. Therefore, funding is granted.
- If 43 of the 48 are valid,  $43 \times 5$  is 215,  $215/200$  is 108% which is below 110%. Therefore, all 240 \$5 qualifying contribution forms must be verified by the county recorder.

### **Statewide Assumption: A candidate for Corporation Commission submits 1,800 qualifying contributions**

- Secretary of State takes 5% sample of 1,800, which is 90.
- If 90 of the 90 are valid,  $90 \times 20$  is 1,800,  $1,800/1,500$  is 120% which is above 110%. Therefore, funding is granted.
- If 82 of the 90 are valid,  $82 \times 20$  is 1,640,  $1,640/1500$  is 109% which is below 110%. Therefore, all 1,800 \$5 qualifying contribution forms must be verified by the county recorder.

## Chapter 2

### **Supplemental Filing**<sup>8,12</sup>

If the result is less than 110% of the required amount, the Secretary of State's office shall submit all qualifying contribution forms to the appropriate county recorder for verification. If there is an insufficient number of valid forms after the county recorder checks all the submitted forms, the candidate may make **one** supplemental filing of additional \$5 qualifying contribution forms to the Secretary of State's office only if:

- The candidate files at least the minimum number of additional forms needed to qualify for funding;

The additional forms must be:

- Collected from individuals before the end of the qualifying period (July 28, 2020);
- Collected from individuals within the candidate's district who **have not** previously contributed a valid qualifying contribution to the candidate;
- Submitted to the Secretary of State's office before August 4 2020.

### **Failure to Qualify for Funding**<sup>8,12</sup>

A candidate will be **denied** funding if:

- The candidate's random sample is less than 110%; and
- The country recorder has determined that the candidate has failed to submit the required number of valid qualifying contributions for the office sought; and
- The result of the supplemental filing is less than the required number of qualifying contributions required for the office sought.

Once denied, the candidate must start the process of collecting the qualifying contributions again. The qualifying contributions must be collected from individuals who have not previously contributed a qualifying contribution to the candidate.

- The qualifying contributions must be collected before the end of the qualifying period July 28, 2020.
- The qualifying contributions must be submitted to the Secretary of State's office before August 4, 2020.

If a candidate fails to qualify for funding under Commission regulations, the candidate's participating status is automatically terminated.

The Commission may deny funding if the question of fraud is raised regarding a candidates \$5 qualifying contributions.

### **Arizona W-9 Form**<sup>17</sup>

Participating candidates must submit a completed Arizona W-9 Form to the Commission in order to establish the candidate as a vendor with the State of Arizona. Clean Elections funding checks cannot be issued without first establishing the candidate as a vendor with the State of Arizona. **The candidate should submit the W-9 form to the Commission** at the same time he or she submits the Participating Candidate's Application to Receive Funds to the Secretary of State's Office.

### **Primary Election Funding**<sup>9,18</sup>

When a candidate qualifies for Clean Elections funding, the Commission shall provide the candidate with funding equal to the original primary election spending limit. Primary election funds must be directed at the primary election.

**Participating candidates must return to the Commission any unspent monies at the end of the primary election period and may NOT carry excess primary election funding over to the general election period.**

The Secretary of State's office will notify Commission staff once a candidate has been approved for funding. Commission staff will notify the candidate when his or her check is available for pick up or delivery.

### **General Election Funding**<sup>9,18</sup>

If a Participating candidate advances to the general election, the Commission will provide the candidate with funding equal to the general election spending limit at the start of the general election period (August 5, 2020).

**The candidate may NOT carry any excess primary election funding over to the general election period.** Participating candidates must return any excess primary funding to the Commission within five days of the primary election.

General election funding is typically available on the next business day after the general election period begins. However, the Arizona Department of Administration (ADOA) processes the checks and the Commission has no control over ADOA timelines.

### **The One-Party Dominant District Reallocation Option**<sup>16</sup>

A *legislative candidate* who chose the reallocation option, will receive funding equal to the original primary election spending limit of \$18,121 for the general election.

### **Unopposed Primary or General Funding**<sup>9,18</sup>

A participating candidate who is unopposed will NOT receive full funding from the Commission. The candidate will receive \$5 multiplied by the number of qualifying contributions that the candidate submitted to the Secretary of State.

A candidate will be considered unopposed if the candidate is not opposed in his or her party's primary, the primary of any other party, or by an independent candidate.

## Chapter 2

### **Return of Unspent Primary and General Monies**<sup>19,20</sup>

Participating candidates must return to the Commission all unspent monies in the candidate's campaign bank account within 5 days of the primary election **and** 30 days after the general election. Funds to reconcile any uncontested and unpaid bills may be held longer (30 days after for the primary election), after notifying the Commission. Any monies in a candidate's campaign account after payment of bills shall be returned promptly to the Commission.

Participating candidates are **NOT** permitted to carry primary funding forward to the general election period and **must return all unspent monies in their campaign bank account regardless of winning their primary**. Participating candidates are required to file a "Primary Recap Report" for the period ending August 4, 2020 including any unspent monies returned to the Commission. The Primary Recap Report and return of primary funding are due August 9, 2020. Participating candidates are required to file a "2020 4th Quarter Report" for the period ending December 31, 2020 including any unspent monies returned to the Commission. The campaign finance report and return of unspent funds is due January 15, 2021.

### **Reporting Return of Unspent Primary or General Monies**

After the primary and general elections, participating candidates must report the return of unspent monies in the Secretary of State's campaign finance reporting system.

### **Terminating the Committee**<sup>21,22</sup>

**A candidate may terminate the campaign committee by filing a termination statement with the Secretary of State's office.** If a candidate does not advance to the general election, the candidate may terminate his or her campaign committee after the primary election. The candidate and treasurer must sign the termination statement and certify that the committee will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of properly. The Secretary of State's office requires the committee to file a campaign finance report showing a zero account balance before the committee can officially be terminated.

#### **Important Notice:**

Please be aware that terminated committees may still be contacted for campaign finance amendments and failure to comply may result in enforcement actions, regardless of committee status

## **Independent Candidates**<sup>9,18,23</sup>

An Independent candidate is a candidate who:

- Is registered as an Independent or with no party preference or who is registered with a political party that is not qualified for representation on the ballot, and
- Has properly filed nominating papers and nominating petitions with signatures.

Once an Independent participating candidate qualifies for Clean Elections funding, the candidate receives 70% of the sum of the original primary election spending limit and the original general election spending limit. The candidate will receive a single disbursement to be spent in both the primary and general elections.

Election Funding	Corporation Commission	Legislature
Independents	\$203,028	\$31,712

## **Failure to Qualify for the Ballot**<sup>20</sup>

If a candidate receives funding from the Commission but fails to qualify for the primary ballot, the candidate must:

- Return to the Fund all monies in the candidate's campaign bank account above the amount sufficient to pay any unpaid bills for expenditures made before the date the candidate failed to qualify for the primary ballot
- Return to the Commission, within fourteen days of the date the candidate failed to qualify for the primary ballot, all remaining assets purchased with clean election funding in that election cycle, including political signs
- Repay any monies paid to a family member unless the participating candidate demonstrates that the payment made was for goods or services actually provided before disqualification of the candidate and the payment was for fair market value.

# 3

## Campaign Finance Activity and Reporting Requirements



### Important Notice

*Pursuant to A.R.S. §§16-941, -948 and A.A.C. R2-20-114, participating candidates shall conduct all campaign finance activity through a single designated campaign bank account. Participating candidates shall not deposit any funds into the campaign bank account other than those permitted by A.R.S. §§16-945 and -946. All withdrawals from the campaign bank account must be for direct campaign expenditures only, pursuant to A.R.S. §§16-948, -953, and A.A.C. R2-20-702 and -703.*

### Definition of Contribution<sup>24</sup>

“Contribution” means any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing an election. This includes:

- A contribution that is made to retire campaign debt from a previous election cycle.
- Money or fair market value of anything that is directly or indirectly provided to an elected official for the specific purpose of defraying the expense of communications with constituents.
- The full purchase price of any item from a committee.
- A loan that is made to a committee for the purpose of influencing an election, to the extent the loan remains outstanding

### In-Kind Contribution<sup>24</sup>

“In-Kind Contribution” means a provision of goods or services or anything of value that is not a monetary contribution. Participating candidates may accept in-kind contributions only from individuals and are limited to \$170 in value. An individual may give a participating candidate an in-kind contribution and a monetary contribution. However, the combined total given to the candidate may not exceed \$170. The candidate may also give in-kind contributions to his or her campaign provided that they, combined with any personal monies, do not exceed \$770 for a candidate for the legislature, or \$1,520 for a candidate for statewide office. In-kind contributions must be assessed at a fair market value and must be included in campaign finance reports. It is the responsibility of the candidate to assess the fair market value.

### Early Individual Contributions (Seed Money)<sup>4,25</sup>

Participating candidates may raise a limited number of private individual contributions which are called early contributions. Early individual contributions have a limit of \$170 from each individual. Early contributions may be raised and spent through the end of the qualifying period July 28, 2020. Any early contributions not spent by the end of the qualifying period shall be sent to the Commission.

	Corporation Commission	Legislature
Early Individual Contribution Aggregate Limit	\$29,004	\$4,530

All contributions other than in-kind contributions and qualifying contributions must be:

- Made by a check drawn on the account of the actual contributor; or
- Made by a money order or a cashier’s check containing the name of the actual contributor; or
- Evidenced by a written receipt, with a copy of the receipt given to the contributor and a copy maintained in the records of the candidate.

### **Personal Money and Family Contributions**<sup>24,26</sup>

Participating candidates may contribute personal funds up to a maximum amount of \$770 for candidates for the legislature and \$1,520 for candidates for statewide offices. The personal contribution limit includes contributions received from certain family members.

**Personal and family contributions are in addition to early individual contributions.** All personal and family monies shall be raised and spent through July 28, 2020

Monies given to a candidate by certain family members count toward the candidate's personal money limit. A family member may only contribute \$170 whether it be monetary, in-kind, or as a loan. A family member includes a parent, grandparent, spouse, child or sibling of the candidate as well as the parent or spouse of any of those persons previously mentioned. If one of the aforementioned family members gives a contribution to a candidate, the contribution counts towards the applicable personal contribution limit. Any unspent personal and family monies shall be returned to the contributors at the end of the qualifying period.

#### **Important Notice**

*If a candidate hires a family member to work on the campaign or hires a family member's business for the campaign services, the family member must be identified on the campaign finance report as "family member".*

### **Reporting**

#### **Contributions Reported in a Campaign Finance Report**<sup>24,27</sup>

A campaign finance report must include all contributions accepted by the committee through the end of the reporting period. Each contribution shall include the name, address, occupation and employer of the contributor. Contributions of \$50 or less may be aggregated.

#### **Reporting Early Contributions**

Candidates will report early individual contributions in the Secretary of State's campaign finance reporting system. The candidate must report all early contributions accepted by the committee through the end of the qualifying period. Each contribution shall include the name, address, occupation and employer of the contributor. Contributions of \$50 or less may be aggregated.

#### **Reporting In-Kind Contributions**

A candidate must report in-kind contributions in the Secretary of State's campaign finance reporting system.

#### **Reporting Personal and Family Contributions**

A candidate must report personal and family contributions in the Secretary of State's campaign finance reporting system.

### Loans<sup>4,24</sup>

Money a candidate loans to his or her campaign is a personal money contribution until repaid. Personal monies, including loans, may not exceed \$770 for a candidate for the Legislature and \$1,520 for a candidate for statewide office. Therefore, loans count towards all limits even though a candidate may intend to repay the loan. Money that an individual other than a candidate loans to a campaign is an individual contribution until repaid. Individual contributions, including loans, may not exceed \$170 per individual.

In general, participating candidates are prohibited from incurring obligations greater than their capacity to pay from campaign funds (i.e. incurring debt). However, certain loans and extensions of credit are permissible for participating candidates.

**1. Loans of Personal Monies from the Candidate** - A candidate may loan personal monies to his or her own campaign. Personal monies are defined to include the proceeds from a bank loan issued to a candidate in his or her personal capacity. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from the candidate, such a loan is subject to the personal monies contributions limit of \$770 (for candidates for the Legislature) \$1,520 (for candidates for statewide office). **All loans must be repaid within seven days of receiving Clean Elections funds.**

**2. Loans from Individuals other than the Candidate** - Individuals other than the candidate may loan monies to a campaign. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from individuals other than the candidate, such a loan is subject to the individual contributions limit of \$170. **All loans must be repaid within seven days of receiving Clean Elections funds.**

### Contribution Prohibitions<sup>15</sup>

A lobbyist may not give a contribution to a Legislator or the Governor when the Legislature is in regular session. In addition, lobbyists may not solicit contributions on behalf of a Legislator or the Governor when the Legislature is in regular session.

### Bank Interest

A candidate may keep campaign monies in an interest bearing bank account. However, participating candidates must remit any bank interest earned to the Clean Elections Fund at the end of the primary election period and at the end of the general election period. Candidates should report incurred bank interest on their campaign finance reports.

### Excess Contributions<sup>4</sup>

If a candidate receives an early contribution that exceeds the contribution limit, the candidate must refund the amount in excess of the \$170 individual contribution limit. **The candidate must enter the original amount received and the refunded amount in the campaign finance reporting system.**

## Chapter 3

### **Contribution Exemptions**<sup>55, 56</sup>

#### **Campaign Volunteers**

The value of an individual's volunteer services or expenses that are incurred through volunteering are not considered campaign contributions. Volunteer services are unlimited and do not need to be reported.<sup>56</sup> The following are examples of volunteer expenses that may be incurred through volunteer services:

- Travel expenses
- Use of real or personal property (The value of allowing a candidate to appear and speak at any private residence or facility is not considered a campaign contribution if the venue is furnished by the venue's owner, is not paid for by a third party and is not a sports stadium, coliseum, convention center, hotel ballroom, concert hall, or other similar arena that is generally open to the public.)
- Cost of invitations, food or beverages - event expenses
- Internet activity such as the use of unpaid e-mail and social media (These are activities that do not contain or include the transmittal of a paid advertisement or paid fund-raising solicitation. See Secretary of State's Arizona Campaign Finance: Candidate Committees, pp. 36-37).

#### **Political Party Exceptions**

A payment by a political party to support its nominee is not a contribution. This includes payment for printing or distribution of, or postage expenses for, voter guides, sample ballots, pins, bumper stickers, handbills, brochures, posters, yard signs and other similar materials distributed through the party. This also includes expenditures that are coordinated with the party's nominee.<sup>55, 57</sup>

#### **Legal and Accounting Services**

The payment of a committee's legal or accounting expenses by any person is not considered a campaign contribution.<sup>55</sup> For purposes of this definition, a person means an individual or candidate, nominee, committee, corporation, limited liability company, labor organization, partnership, trust, association, organization, joint venture, cooperative or unincorporated organization or association.<sup>24</sup>

### **Expenditures**<sup>24,28</sup>

An “expenditure” means any purchase, payment or thing of value that is made by a person for the purpose of influencing an election. The definition of expenditure includes a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received.

### **Expenditures Reported in a Campaign Finance Report**

All expenditures made by the campaign committee must be reported in the period in which they are incurred. Each expenditure reported in a campaign finance report must have a description of the goods and services that were purchased:

- Expenditures for consulting, advising or other services must have a detailed description of what is included in the service.
- Reimbursements must be reported, itemized and disbursed within seven calendar days of when the expenditure was incurred.

Special note: The campaign finance reporting system provides space for inclusion of the aforementioned detail in the memo line.

### **Reimbursements**<sup>29,30</sup>

The candidate, treasurer, or designated agent with authority to spend campaign funds shall pay monies directly from the campaign bank account to the person providing the goods or services. If someone does use a personal credit card on behalf of a campaign, the expenditure is incurred when the candidate authorizes the transaction and must be reported on the subsequent campaign finance report. The candidate may not authorize an expenditure to be made by an individual that exceeds the available cash on hand. The candidate must reimburse the individual for the expenditure within seven days.

### **Joint Expenditures**<sup>30</sup>

A joint expenditure is made when two or more candidates agree to share the cost of goods or services. Candidates may make a joint expenditure on behalf of one or more other campaigns, but must be authorized in advance by the other candidates involved in the expenditure, and must be reimbursed within seven days. Each candidate shall pay a proportionate share of the costs. Participating candidates and non-participating candidates may make joint expenditures so long as each candidate pays an equal share of the expenditure.

## Chapter 3

### **Petty Cash Expenditures**<sup>29,30</sup>

A candidate's campaign committee may establish one or more petty cash accounts, which in aggregate may not exceed \$1,520 at any time. No single expenditure shall be made from a petty cash account exceeding \$170. On a campaign finance report the participating candidate must identify the full name and street address of the person providing goods and services to the campaign on his or her campaign finance reports for expenditures paid for with petty cash. **This includes any payment to a sub-vendor made on behalf of the campaign.**

The participating candidate is required to maintain all receipts and records corresponding to petty cash activity. The Commission recommends that the treasurer keep a running total of all petty cash withdrawals and expenditures to ensure that the maximum of \$1,520 is not inadvertently exceeded. Petty cash accounts will be audited.

### **Itemization of Expenditures**<sup>30</sup>

If a participating candidate purchases goods or services from a subcontractor or other vendor through an agent, the candidate's campaign finance report shall identify the full name and street address and the nature of the goods and services provided by each subcontractor or external vendor.

### **Reporting Itemized Expenditures**

A participating candidate must report subcontractor or sub-vendor information in the Secretary of State's campaign finance reporting system.

## **Refund & Repayment**<sup>30</sup>

If a candidate receives a refund from an expenditure (for example, the candidate returned merchandise to the store), the original expenditure and the refunded amount must be reported. The campaign finance filing system includes a specific section to report refunds.

A loan repayment is **NOT** an expenditure. The campaign finance reporting system contains a specific section to enter in loan repayments. A refund of a contribution is **NOT** an expenditure. The campaign finance filing system contains a specific section to enter in contribution refunds.

## **Recordkeeping Requirements**<sup>31,32</sup>

Candidates and treasurers are required to keep and maintain books and records of accounts and transactions including, but not limited to:

- All contributions or other monies received by or on behalf of the candidate, including:
  - The identification of any individual who makes any contribution
  - The date of the contribution
  - Amount of each contribution
  - The date of the deposit into a campaign account
  - Occupation/employer information
  - Cumulative totals contributed by each individual
- The name and address of every payee to whom any expenditure is made, and the date, amount and purpose or reason for the expenditure.
- All periodic bank statements or other statements for the campaign account.
- All activity related to petty cash accounts.
- Ensure all contributions other than in-kind contributions and qualifying contributions are evidenced by a written record in the form of:
  - A check drawn on the account of the actual contributor;
  - A money order or cashier's check containing the name of the actual contributor; or
  - A written receipt with a copy of the receipt given to the contributor and a copy maintained in the records of the candidate.
- Preserve all records and copies of all finance reports for two years after the election.
- Ensure all records are maintained at a single location within the state and available for inspection: by the Commission during regular business hours; available for public inspection either by immediate disclosure through electronic means or at the candidate's campaign headquarters; available upon request by the Attorney general, the county, city or town attorney or the filing officer.

## Chapter 3

### **Campaign Finance Reports for Participating candidates<sup>30,33,34</sup>**

Participating candidates are required to file timely campaign finance reports. Late reports are subject to a Commission penalty of \$170 a day for legislative candidates and \$450 a day for statewide candidates.

Each campaign finance report must include (but not limited to):

- The amount of cash on hand at the beginning of the reporting period;
- The total amounts of contributions from individuals, other committees, loans, in-kind contributions, dividends, interest, rebates, and refunds.
- The total amounts of disbursements and itemized lists of disbursements such as: expenditures, refunds of contributions, repayments of loans, and transfers to other committees.

<b>CAMPAIGN FINANCE REPORTING DATES</b>		
<b>NAME OF REPORT</b>	<b>TIME PERIOD COVERED IN REPORT</b>	<b>REPORT FILED WITH SECRETARY OF STATE</b>
2019 1st Quarter Report	January 1, 2019 to March 31, 2019	April 1, 2019 to April 15, 2019
2019 2nd Quarter Report	April 1, 2019 to June 30th, 2019	July 1, 2019 to July 15, 2019
2019 3rd Quarter Report	July 1, 2019 to September, 30, 2019	October 1, 2019 to October 15, 2019
2019 4th Quarter Report	October 1, 2019 to December 31, 2019	January 1, 2020 to January 15, 2020
2020 1st Quarter Report	January 1, 2020 to March 31, 2020	April 1, 2020 to April 15, 2020
2020 2nd Quarter Report	April 1, 2020 to June 30, 2020	July 1, 2020 to July 15, 2020
2020 Pre-Primary Report	July 1, 2020 to July 18, 2020	July 19, 2020 to July 27, 2020
Qualifying Period Recap Report***	Covering all campaign transactions through July 28, 2020	July 29, 2020 to August 2, 2020
Primary Recap Report***	July 29, 2020 to August 4, 2020	August 5, 2020 to August 9, 2020
2020 3rd Quarter Report	July 19, 2020 to September 30, 2020	October 1, 2020 to October 15, 2020
2020 Pre- General Report	October 1, 2020 to October 17, 2020	October 18, 2020 to October 26, 2020
General Recap Report***	October 18, 2020 to November 3, 2020	November 4, 2020 to November 8, 2020
2020 4th Quarter Report	October 18, 2020 to December 31, 2020	January 1, 2021 to January 15, 2021

\*\*\*Denotes reports that only participating candidates will file<sup>30</sup>.

## Use of Clean Elections Funding<sup>5,20,29</sup>

### Direct Campaign Purposes<sup>20,23,35</sup>

Participating candidates may only use campaign funds to pay for goods and services for direct campaign purposes. All participating candidates have the burden of proving that expenditures are for a direct campaign purpose. If the Commission determines that an expenditure was not made for direct campaign purposes, the Commission may order the candidate to repay the Fund with personal monies.

### Campaign Consultants<sup>58</sup>

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

- Providing payment for such services as described in subsection (C) of this rule in the absence of an itemized invoice or advance payment for such services shall be deemed not to be a direct campaign expenditure.
- A participating candidate may advance payment for postage upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of postage.
- A participating candidate may advance payment for advertising that customarily requires pre-payment upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of the advertisement.

The Commission shall be included in the mail batch for all mailers and invitations. The Commission shall also be provided with documentation from the mail house, printer or other original source showing the number of mailers printed and the number of households to which a mailer was sent. Failure to provide this information within 7 days after the mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.

### Transportation Expenses<sup>35</sup>

If a candidate travels for campaign purposes in a privately owned vehicle, the candidate may use campaign funds to reimburse the owner of the vehicle for the transportation costs. The reimbursement shall be reported as an expenditure and may not exceed 44.5 cents per mile. **Transportation mileage expenditures must be reimbursed during the reporting period in which they occur AND must be reported on the candidate's campaign finance reports.**

A participating candidate may make direct fuel expenditures so long as the candidate is utilizing the candidate's personally owned vehicle and keeps a travel log regarding campaign miles traveled.

If a candidate travels for campaign purposes in a privately owned airplane, the candidate shall use campaign funds to reimburse the owner of the airplane at a rate of \$150 per hour of flying time, in which event the reimbursement shall be reported as an expenditure. If the owner of the airplane is unwilling or unable to accept reimbursement, the candidate shall pay to the Commission an amount equal to \$150 per hour of flying time.

If a candidate rents a vehicle or purchases a ticket or fare on a commercial carrier for campaign purposes, the actual costs of such rental (including fuel costs), ticket or fare shall be reported as an expenditure.

## Chapter 3

### **Mileage Reimbursement Form**<sup>35</sup>

If a candidate chooses to use campaign funds to reimburse, the candidate shall maintain a travel log. The travel log shall include the name and type of event(s) attended, miles traveled, and the rate at which the reimbursement was made. A candidate may choose to develop their own form or use the Commission mileage reimbursement form. The Commission mileage reimbursement form can be found on the Citizens Clean Elections Commission website.

### **Food and Beverages Expenses**<sup>35</sup>

Participating candidates may use campaign monies to pay for food and beverages if the expenditure is directly related to the campaign, such as refreshments provided at a fundraiser. Any payment for food and beverages made by a person for the purpose of influencing an election shall be reported as a campaign expenditure. Participating candidates are limited to making food expenditures of \$11 per person for breakfast, \$16 per person for lunch, and \$27 per person for dinner. The Commission recommends that the treasurer maintain documentation of each food expenditure and the number of people who ate, as participating candidates have the burden of proving that they have adhered to the food expenditure limits.

### **Use of Assets from a Prior Election**<sup>36</sup>

A participating candidate may use assets from a prior election cycle, such as signs, pamphlets and office equipment, only after the candidate's current campaign committee purchases the assets from the previous campaign committee. The purchase must be made for an amount equal to the fair market value of the assets which shall be at least one-fifth (1/5) the original purchase price.

### **Prior assets may NOT be utilized by the campaign until payment has been made.**

If the candidate was a participating candidate during the prior election cycle, the payment for the assets shall be made to the Commission. If the candidate was a traditional candidate during the prior election cycle, the payment shall be made to the prior campaign. If the prior campaign account of a traditional candidate is closed, the payment shall be made to the candidate.

### **Disposal of Fixed Assets**<sup>35</sup>

Fixed assets (items that have value and function beyond the election) purchased with campaign funds that can be used for non-campaign purposes, with a value of \$200 or more, shall be submitted to the Commission no later than 14 days after the primary election or the general election if the candidate was successful in the primary. For purposes of determining whether a fixed asset is valued at \$200 or more, the calculation shall include any accessories purchased for use with the fixed asset in question.

A candidate may elect to reimburse the Commission for 80% of the original purchase price of the item instead of submitting the item to the Commission. Candidates need to retain the original sales receipt for submitting or purchasing fixed assets.

## **Prohibited Use of Campaign Funds**<sup>5,20,29,35</sup>

The following is a list of prohibited campaign expenditures. Candidates are encouraged to use discretion when spending campaign funds; this list is not all-inclusive. If you have questions, please contact Commission staff immediately.

1. Cost of legal defense in any campaign law enforcement proceeding.
2. Food and beverages for staff and volunteers exceeding \$11 for breakfast, \$16 for lunch, and \$27 for dinner.
3. Personal use, which includes:
  - Household food items or supplies;
  - Clothing, other than items of de minimis value that are used in the campaign, such as campaign “T-shirts” or caps with campaign slogans;
  - Tuition payments, other than those associated with training campaign staff;
  - Mortgage, loan, rent, lease or utility payments:
    - For any part of any personal residence of the candidate or a member of the candidate’s family; or
    - For real or personal property that is owned or leased by the candidate or a member of the candidate’s family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage;
  - Admission to a sporting event, concert, theater, or other form of entertainment, unless part of a specific campaign activity;
  - Dues, fees or gratuities at a country club, health club, recreational facility or other nonpolitical organization, unless they are part of the costs of a specific fundraising event that takes place on the organization’s premises; and
  - Gifts or donations.
4. Fixed assets with a value in excess of \$800, provided that the item is for campaign use.
5. With the passage of Proposition 306, participating candidates are prohibited from transferring campaign funds to political parties and/or 501(a) entities.

## **AUDITS**<sup>37,38,39,40,41,42,43</sup>

The Commission will conduct audits of participating legislative candidates after each primary and general election period. All participating statewide candidates will be audited after each primary and general election period. Audits shall include the review of campaign finance reports and related documentation. If a candidate is selected for an audit, the Commission will notify the candidate. The accounting firm will contact the candidate to explain the auditing process. The candidate must make all books and records available to the Commission and the accounting firm and must have personnel familiar with the records available to answer questions. The Commission contracts with an independent accounting firm to conduct all auditing work.

After completion of the fieldwork, the accounting firm prepares a written preliminary audit report. The preliminary audit report will include an evaluation of procedures and systems employed by the candidate to comply with the Act and Commission rules and the accuracy of statements and campaign finance reports filed with the Secretary of State. Upon approval of the preliminary audit report by the Commission staff, the candidate has 10 days to submit a written response.

Taking into consideration any written comments provided by the candidate, the accounting firm will provide the Commission with a final audit report. The final audit report may include the identification of issues that warrant referral for possible enforcement proceedings. At the public meeting, the Commission will vote to approve the final audit report. The candidate will be provided with the final audit report at least 24 hours before the public meeting. The Commission may conduct other examinations and audits as it deems necessary.

# 4 Voter Education



## **Debates**<sup>6,44</sup>

Participating candidates are required to attend Commission sponsored debates held in both the primary and general election periods. Traditional candidates are also invited and encouraged to attend. The Commission ensures the debates are carried out in a strictly nonpartisan and professional manner. Only those candidates appearing on the primary or general election ballot are eligible to participate in the Commission sponsored debates. All candidates must appear in person, not by proxy or electronically, unless to accommodate a disability. For a participating candidate who has non-participating opponents not attending the debate, the participating candidate is still required to participate in a thirty minute question and answer session. **Unless exempt, if a participating candidate fails to participate in any Commission sponsored debate, the candidate can be fined \$1,000.**

## **Request for Exemption**<sup>44</sup>

A participating candidate may request to be exempt from participating in a required debate by submitting a written request to the Commission at least one week prior to the scheduled debate. The written request must state the reason and circumstance justifying the request for exemption. The Commission will exempt a candidate from participating in a debate if at least three Commissioners determine that the circumstances are:

- Beyond the control of the candidate
- Of such nature that a reasonable person would find the failure to attend justifiable or excusable
- Of good cause, which includes illness or absence from the state at the time of the debate.

## **Request for an Excused Absence**<sup>44</sup>

The candidate may submit a request for reconsideration to the Commission. The candidate's request for reconsideration shall state the reason the candidate failed to participate in the debate. The statement must be submitted to the Commission no later than five business days after the date of the debate the candidate failed to attend. The Commission will forgo the \$1,000 fine if a majority determines that the circumstances align with at least one of the three circumstances mentioned above.

### **Exceptions to Debate Participation**

- No debate will be held if there is no participating candidate in the election for the particular office and if there are no requests from a non-participating candidate for the Commission to sponsor a debate.
- Write-in candidates, Independent candidates, and those candidates with no party affiliation will not be invited to participate in the **primary** election debate regardless of participating status.
- Write-in candidates for the general election will not be invited to participate in the general election debate.

## **Candidate Compass**

The Candidate Compass tool was created as a direct response to voter research. Voters have recognized a major barrier to voting is the significant time it takes to research the candidates and where they stand on the issues. Hence, the Candidate Compass asks candidates a handful of questions detailing the issues voters find most pressing. The answers require a simple yes or no answer supplemented with short reasoning if desired. Voters answer the same questions to see which candidates they aligned with based on similar responses. The Commission recommends all candidates participate in the Candidate Compass as it allows them the opportunity to directly connect with voters and communicate their stances on the issues in an easily accessible and digestible format.

### **Candidate Statement Pamphlets**<sup>45,46</sup>

The candidate statement pamphlets are nonpartisan, comprehensive sources of information for Arizona voters. Before the start of early voting for each election, the Commission will produce and mail primary **and** general election candidate statement pamphlets to every household in Arizona that has a registered voter. Participating and traditional candidates may supply the Commission with a picture and statement for inclusion in the pamphlets. All candidates who will appear on either the primary or general election ballot may submit a statement and photograph by the deadline. The pamphlets will include the office for which the candidate is running, as well as the candidate's name, photograph, party affiliation, funding source, web address and statement.

### **Statements**

The statements are to be no more than 200 words in length. The Commission will allow candidates to submit separate statements for the primary and general election pamphlets. If a candidate submits a statement for the primary election pamphlet and does not submit a new statement for the general election pamphlet, the statement from the primary election pamphlet will be used for the general election pamphlet. The Commission will only accept statements electronically through the Commission's website, [www.azcleaselections.gov](http://www.azcleaselections.gov). **Statements will be cutoff at the 200word mark.** The statement word count will be verified by Microsoft Word.

### **Photographs**

The Commission will accept digital photos only and shall be limited to headshots. Candidates can submit digital photos through the Commission's website when uploading the candidate's statement. If a candidate submits a photo for inclusion in the primary election pamphlet, the same photo will be used for the general election pamphlet.

### **Submission Deadlines**

Primary election statements and photographs shall be filed electronically no later than midnight on *April 13, 2020* for inclusion in the primary election pamphlet. General election statements and photographs shall be filed electronically no later than midnight on *August 10, 2020*. **The Commission cannot accept late submissions for inclusion in the pamphlets.** All statements will appear in the pamphlets exactly as they are written and may not be changed after submission. Upon request, candidates may visit the Commission's office and utilize a public computer in order to submit statements.

### **Independent Candidates and Voter Education**<sup>44,46</sup>

Only candidates who appear on the primary election ballot will be included in the primary election candidate statement pamphlet and participate in the Commission sponsored primary election debate. Independent candidates are eligible to appear in the general election candidate statement pamphlet and are required to attend the Commission sponsored general election debate.

### **Clean Elections Mobile Application**

The Clean Elections smart device application is available for the iOS and Android platform. The program supplies easily accessible information on candidates, ballot measures, judges & justices and voting information directly to voters. The Commission encourages candidates to submit their candidate statements and campaign information (such as website and social media links) in the candidate portal so it may be included in the application and on the Clean Elections website. In addition, candidates that utilize E-Qual can link their digital petition and \$5 contribution form to their candidate profile in the app.

# 5 Enforcement Matters, Complaints & Audits



## COMPLAINTS AGAINST PARTICIPATING CANDIDATES

### Externally Generated Complaints<sup>50</sup>

Any person may file a complaint against a candidate if it is believed a violation of the Act or Commission rules. The complaint must contain the full name and address of the complainant as well as a clear and concise recitation of the facts which describe a violation of statute or rule. The complaint may be accompanied by any supporting documentation. **The complaint must be written, sworn to, signed in the presence of a notary public, and notarized.** The Commission will **NOT** accept verbal or anonymous complaints.

The Commission will send an acknowledgement to the complainant and send a copy of the complaint to the respondent. If the complaint does not comply with the Commission requirements, the Commission shall notify the complainant and the respondent and the complainant may resubmit the complaint.

The Commission will not consider any external complaints that have been filed either more than 90 days after the post-election report or more than 90 days after the canvas for that election, whichever is later.

### Internally Generated Complaints<sup>51</sup>

The Commission staff may initiate an internally generated complaint against a candidate. The complaint is handled in an identical manner to an externally generated complaint, with the Commission acting as the complainant.

### Response to a Complaint<sup>52</sup>

Within 5 days after receiving a complaint, the Commission will send notice of the complaint along with a copy of the complaint to the respondent.

The respondent has 5 days to provide the Commission with a written response to demonstrate that no action should be taken on the basis of the complaint. **The response must be written, sworn to, and notarized.** The respondent's failure to respond within 5 days of receiving the written notice and copy of the complaint may be viewed as an admission to the allegations made in the complaint for purposes of the reason to believe finding.

### Executive Director Recommendation<sup>53</sup>

The Executive Director will review the written complaint, the respondent's written response, campaign finance reports and any supporting documentation provided by the complainant and respondent. The Executive Director shall make a recommendation to the Commission at a public Commission meeting whether or not there is reason to believe a violation has occurred. An investigation may include the use of the Commission's subpoena powers if needed to obtain all pertinent records. If the Commission decides that there is no reason to believe a violation has occurred, the matter will be closed and both parties will be notified in writing. If at least three of the five commissioners find that there is reason to believe a violation has occurred, the Commission staff will open an investigation into the matter.

## COMPLAINTS AGAINST NON-PARTICIPATING CANDIDATES

### Externally Generated Complaints<sup>50</sup>

Any person may file a complaint against a candidate if it is believed a violation of the Act or Commission rules has occurred. The complaint must contain the full name and address of the complainant as well as a clear and concise recitation of the facts which describe a violation of statute or rule. The complaint may be accompanied by any supporting documentation. ***The complaint must be written, sworn to, signed in the presence of a notary public, and notarized.*** The Commission will **NOT** accept verbal or anonymous complaints.

The Commission will send an acknowledgement to the complainant and send a copy of the complaint to the respondent. If the complaint does not comply with the Commission requirements, the Commission shall notify the complainant and the respondent and the complainant may resubmit the complaint.

The Commission will not consider any external complaints that have been filed either more than 90 days after the post-election report or more than 90 days after the canvas for that election, whichever is later.

### Internally Generated Complaints<sup>51</sup>

The Commission staff may initiate an internally generated complaint against a candidate. The complaint is handled in an identical manner to an externally generated complaint, with the Commission acting as the complainant.

### Response to a Complaint<sup>52</sup>

Within 5 days after receiving a complaint, the Commission will send notice of the complaint along with a copy of the complaint to the respondent.

The respondent has 5 days to provide the Commission with a written response to demonstrate that no action should be taken on the basis of the complaint. ***The response must be written, sworn to, and notarized.*** The respondent's failure to respond within 5 days of receiving the written notice and copy of the complaint may be viewed as an admission to the allegations made in the complaint for purposes of the reason to believe finding.

### Commission Inquiry Approval<sup>53</sup>

If the complaint relates to a violation of A.R.S. §16-941(B) by a non-participating candidate or that candidate's campaign committee, the Executive Director will not proceed to a recommendation to the Commission on whether it should find reason to believe that a violation may have occurred, without first receiving the Commission's approval to initiate an inquiry.

The Commission's decision to authorize an inquiry is not an appealable agency action.

### Executive Director Recommendation<sup>53</sup>

After the Commission approves an inquiry into a complaint regarding a non-participating candidate, the Executive Director will review the written complaint, the respondent's written response, campaign finance reports and any supporting documentation provided by the complainant and respondent. The Executive Director shall make a recommendation to the Commission at a public Commission meeting whether or not there is reason to believe a violation has occurred. An investigation may include the use of the Commission's subpoena powers if needed to obtain all pertinent records. If the Commission decides that there is no reason to believe a violation has occurred, the matter will be closed and both parties will be notified in writing. If at least three of the five commissioners find that there is reason to believe a violation has occurred, the Commission staff will open an investigation into the matter.

# Chapter 7

## **CIVIL PENALTIES**<sup>6</sup>

The Commission has the authority to assess civil penalties on both participating and non-participating candidates.

- The civil penalty for a violation of any contribution or expenditure in A.R.S. §16-941 by or on behalf of a participating candidate shall be ten times the amount by which the expenditures or contributions exceed the applicable limit.
- A person who violates A.R.S. §16-941(B) is subject to a civil penalty of three times the amount of money that has been received, expended, or promised in violation of A.R.S. §16-941(B) or three times the value in money for an equivalent of money or other things of value that have been received, expended, or promised in violation of A.R.S. §16-941(B).
- The civil penalty for a violation by or on behalf of any candidate of any reporting requirement shall be \$160 per day for candidates for the legislature and \$450 per day for candidates for statewide office. The penalty imposed shall be doubled if the amount not reported for a particular election cycle exceeds 10% of the adjusted primary or general election spending limit. No penalty imposed shall exceed twice the amount of the expenditures for contributions not reported.
- Any campaign finance report indicating a violation of A.R.S. §16-941 (A), (B), or (C)(1) involving an amount in excess of 10% of the sum of the adjusted primary election spending limit and the adjusted general election spending limit for a particular candidate shall result in disqualification of a candidate or forfeiture of office.
- Any participating candidate adjudged to have committed a knowing violation of A.R.S. §16-941 (A), (B), or (C)(1) shall repay from the candidate's personal monies to the fund all monies expended from the candidate's campaign account and shall turn of the candidate's campaign account to the fund.
- If the Commission has reason to believe a participating candidate is not in compliance with the Act or rules, the Commission may decertify a candidate, deny or suspend funding, order repayment of funds, impose a penalty not to exceed \$1,000 for a candidate for the legislature and \$5,000 for a candidate for statewide office.
- If the Commission has reason to believe a person other than a participating candidate is not in compliance with the Act or rules, then in addition to other penalties under the law, the Commission may impose a penalty not to exceed \$1,000.

All civil penalties collected by the Commission are deposited into the Clean Elections Fund.

## **Key Clean Elections points to remember:**

- Candidates must conduct all campaign finance activity through a single bank account.
- Candidates must not exceed contribution and expenditure limits.
- Candidates should verify \$5 qualifying contributions prior to applying for funding.
- The Commission recommends collecting 20% more \$5 qualifying contribution than required.
- Primary and general election funds must be returned after each elections, respectively.
- Candidates are not permitted to use campaign funds for personal use.
- Candidates must keep a travel log for all transportation related expenditures.
- Candidates must retain all records, receipts, bank statements, contribution forms, contracts, and invoices.
- Candidates must itemize all reimbursements, petty cash expenditures, and expenditures containing a subvendor.
- Candidates must provide detailed information on their campaign finance reports for all consulting, advising, or other such services.

## References

1. A.R.S. §16-905
2. A.R.S. §16-906
3. A.R.S. §16-947
4. A.A.C. R2-20-104
5. A.R.S. §16-941
6. A.A.C. R2-20-222
7. A.R.S. §16-311
8. A.R.S. §16-950
9. A.R.S. §16-951
10. A.R.S. §30-296
11. A.A.C. R2-20-108
12. A.A.C. R2-20-105
13. A.R.S. §16-946
14. A.R.S. §16-316
15. A.R.S. §41-1234.01
16. A.R.S. §16-952
17. [https://gao.az.gov/sites/default/files/GAO-W-9\\_072815-S%26S%26A.pdf](https://gao.az.gov/sites/default/files/GAO-W-9_072815-S%26S%26A.pdf)
18. A.R.S. §16-961
19. A.A.C. R2-20-106
20. A.R.S. §16-953
21. A.R.S. §16-933
22. A.R.S. §16-934
23. A.A.C. R2-20-101
24. A.R.S. §16-901
25. A.R.S. §16-945
26. A.R.S. §16-959
27. A.R.S. §16-907
28. A.R.S. §16-921
29. A.R.S. §16-948
30. A.A.C. R2-20-110
31. A.A.C. R2-20-115
32. A.R.S. §16-904
33. A.R.S. §16-927
34. A.R.S. §16-958
35. A.A.C. R2-20-702
36. A.A.C. R2-20-702.01
37. A.A.C. R2-20-401.01
38. A.A.C. R2-20-402
39. A.A.C. R2-20-402.02
40. A.A.C. R2-20-403
41. A.A.C. R2-20-404
42. A.A.C. R2-20-405
43. A.A.C. R2-20-406
44. A.A.C. R2-20-107
45. A.R.S. §16-956
46. A.A.C. R2-20-113
47. A.R.S. §16-912
48. A.R.S. §16-922
49. A.A.C. R2-20-109
50. A.A.C. R2-20-203
51. A.A.C. R2-20-207
52. A.A.C. R2-20-205
53. A.A.C. R2-20-206
54. A.A.C. R2-20-111
55. A.R.S. §16-911
56. See Department of State, Office of the Secretary of State, Election Services Division. (2017). *Arizona campaign finance: Candidate committees*. Retrieved from [https://www.azsos.gov/sites/azsos.gov/files/2017\\_campaign\\_finance\\_handbook\\_-\\_candidate\\_committees.pdf](https://www.azsos.gov/sites/azsos.gov/files/2017_campaign_finance_handbook_-_candidate_committees.pdf)
57. A.A.C. R2-20-112
58. R2-20-703.01

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