



**NOTICE OF PUBLIC MEETING
AND POSSIBLE EXECUTIVE SESSION OF THE
STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION**

Location: Citizens Clean Elections Commission
1616 West Adams, Suite 110
Phoenix, Arizona 85007

Date: Thursday, November 14, 2019

Time: 9:30 a. m.

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Commissioners of the Citizens Clean Elections Commission and the general public that the Citizens Clean Elections Commission will hold a regular meeting, which is open to the public on November 14, 2019. This meeting will be held at 9:30 a.m., at the Citizens Clean Elections Commission, 1616 West Adams, Suite 110, Phoenix, Arizona 85007. The meeting may be available for live streaming online at www.livestream.com/cleanelections. Members of the Citizens Clean Elections Commission will attend either in person or by telephone, video, or internet conferencing.

The Commission may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item listed on the agenda, pursuant to A.R.S. § 38-431.03 (A)(3). The Commission reserves the right at its discretion to address the agenda matters in an order different than outlined below.

All matters on the agenda may be discussed, considered and are subject to action by the Commission.

Possible action on any Matter Under Review (MUR) identified in this agenda may include authorizing or entering into a conciliation agreement with subject of the MUR, in addition to any other actions, such as finding reason to believe a violation has occurred, finding probable cause to believe a violation has occurred, applying penalties, ordering the repayment of monies to the Clean Elections Fund, or terminating a proceeding.

The agenda for the meeting is as follows:

- I. Call to Order.
- II. Discussion and Possible Action on Commission Minutes for October 17, 2019 meeting.
- III. Discussion and Possible Action on Executive Director's Report and Legislative Report. **Possible Action may include directing staff to take positions on legislation or legal issues discussed in the report. The report is typically available online on the Clean Elections Commission website or via email request at ccec@azcleanelections.gov**
- IV. Discussion and Possible Action on Calendar Year 2020 Budget and Related Matters.

- V. Discussion and Possible Action on the 2020 Voter Education Plan.
- VI. Discussion and Possible Action on Governor's Regulatory Review Commission. **The Commission may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on this item, pursuant to A.R.S. § 38-431.03 (A)(3).**
- VII. Discussion and Possible Action on Proposing Revisions to R2-20-702 for 60 day public comment. **After 60 days public comment, the Commission may vote to make this amendment effective immediately. A.R.S. § 16-956(D).**
- VIII. Discussion and Possible Action on Selection of Chairman for 2020.
- IX. Public Comment
This is the time for consideration of comments and suggestions from the public. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration and decision at a later date or responding to criticism
- X. Adjournment.
This agenda is subject to change up to 24 hours prior to the meeting. A copy of the agenda background material provided to the Commission (with the exception of material relating to possible executive sessions) is available for public inspection at the Commission's office, 1616 West Adams, Suite 110, Phoenix, Arizona 85007.

Dated this 12th day of November, 2019.

Citizens Clean Elections Commission
Thomas M. Collins, Executive Director

Any person with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Commission at (602) 364-3477. Requests should be made as early as possible to allow time to arrange accommodations.

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THE STATE OF ARIZONA
CITIZENS CLEAN ELECTIONS COMMISSION

REPORTER'S TRANSCRIPT OF PUBLIC MEETING

Phoenix, Arizona

October 17, 2019

9:31 a.m.

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Prepared by:
LILIA MONARREZ, CSR, RPR
Certificate No. 50699

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1 PUBLIC MEETING BEFORE THE CITIZENS CLEAN 2 ELECTIONS COMMISSION convened at 9:31 a.m. on 3 October 17, 2019, at the State of Arizona, Clean 4 Elections Commission, 1616 West Adams, Conference Room, 5 Phoenix, Arizona, in the presence of the following Board 6 members: 7 Mr. Mark S. Kimble, Chairperson 8 Mr. Damien R. Meyer (Telephonic) 9 Ms. Amy B. Chan (Telephonic) 10 Mr. Galen D. Paton 11 OTHERS PRESENT: 12 Thomas M. Collins, Executive Director 13 Paula Thomas, Executive Officer 14 Gina Roberts, Voter Education Director 15 Mike Becker, Policy Director 16 Alec Shaffer, Web Content Manager 17 Avery Oliver, Voter Education Specialist 18 Julian Arndt, Executive Support Specialist 19 Rivko Knox, AZ League of Women Voters 20 Mary O'Grady, Osborn Maledon 21 Ryan Wheelock, RIESTER 22 Adrienne Carmack, AZ League of Women Voters 23 Joseph LaRue, Attorney General's Office 24 Kara Karlson, Attorney General's Office 25	1 CHAIRMAN KIMBLE: Commissioner Chan. 2 COMMISSIONER CHAN: Could I move that we 3 approve the minutes as written? 4 CHAIRMAN KIMBLE: Is there a second? 5 COMMISSIONER PATON: Second. 6 CHAIRMAN KIMBLE: It's been moved and 7 seconded to approve the minutes as written. We'll do a 8 roll call. 9 Commissioner Paton? 10 COMMISSIONER PATON: Aye. 11 CHAIRMAN KIMBLE: Commissioner Chan? 12 COMMISSIONER CHAN: Aye. 13 CHAIRMAN KIMBLE: Commissioner Meyer? 14 COMMISSIONER MEYER: Aye. 15 CHAIRMAN KIMBLE: The Chair votes aye. The 16 minutes are approved four to nothing. 17 Item III: Discussion and possible action 18 on executive director's report and legislative report. 19 Tom? 20 MR. COLLINS: Mr. Chairman, Commissioners, 21 thank you. A couple of quick announcements. Avery was 22 accepted into the African-American Leadership 23 Institute, which promotes civic leadership and public 24 service. So that's -- we're excited about that. As 25 soon as we -- that will be an opportunity for him and	

Page 3	09:33:20-09:35:12	Page 5
1 PROCEEDING 2 3 CHAIRMAN KIMBLE: Good morning. I'm going 4 to call to order the October 17th, 2019, meeting of the 5 Citizens Clean Elections Commission. 6 Commissioner Paton and Chairman Kimble are 7 attending in person. 8 Commissioner Chan, are you on the phone? 9 COMMISSIONER CHAN: Yes, I am. Good 10 morning. 11 CHAIRMAN KIMBLE: Good morning. 12 And, Commissioner Meyer, are you, also, on 13 the phone? 14 COMMISSIONER MEYER: I am. Good morning. 15 CHAIRMAN KIMBLE: Good morning. 16 Thank you, both, for being here. 17 Item II: Discussion and possible action on 18 Commission minutes for the September 26th, 2019 19 meeting. 20 Are there any additions or corrections to 21 the minutes? 22 (No response.) 23 CHAIRMAN KIMBLE: Hearing none -- 24 COMMISSIONER CHAN: Can I make a 25 motion?	1 will, also, benefit the Commission. 2 Coming up, as I'm sure you're aware, even 3 though it's not a statewide election, there are local 4 elections on November 5th. Early voting began last 5 week, and there are elections occurring in 12 counties. 6 We do have all that information on our website, 7 including, as I think I've noted to you all, the -- all 8 of the information on overrides and bonds, which we've 9 been -- which, as you all know, Alec put an enormous 10 amount of time into, but you know, from what we've 11 gathered from the school business officials, it's the 12 first time anybody has actually gotten all that 13 information in one place for voters. 14 So, that's -- I think that's exciting, and 15 I'm glad that we are, you know, continuing to fill 16 needs that are there and identify needs that are there 17 through our Voter Education Program. 18 And, as you can tell, Avery has been really 19 our liaison to a number of different outreach 20 communities and town halls, the Secretary of State's 21 Office, the Maricopa County Recorder and -- and others. 22 And Gina and I were -- have sat in with the Maricopa 23 County Recorder's Office working on -- on the 24 presidential preference election, which will be here 25 before we know it, and then there's a -- the March	

<p>09:35:17-09:37:11 Page 6</p> <p>1 consolidated election date is, what, a week or two 2 after that? So, it's a very quick turnaround from the 3 PPE to the next election. 4 I want to, briefly, touch on the Legacy 5 Foundation Action Fund as outstanding legal matters. 6 You know, as you may know, we've successfully defended 7 a special action that the Legacy Foundation filed when 8 we filed to convert our administrative judgment, and 9 Legacy Foundation has taken an appeal. Some of you may 10 have heard or read Howie Fischer's story from Capitol 11 Media Services in the "Star" or on the radio. 12 If you haven't, I'm happy to send it along 13 to you, but basically, you know, this is -- the case, 14 you know, will go until there's some -- I guess, until 15 a finality is established to the satisfaction of the 16 Legacy Foundation Action Fund, which doesn't seem to be 17 possible. So -- and, then, AZAN v. State, we can talk 18 about in the next item. 19 Finally, I just want to -- I duly note that 20 we have been -- Paula and I have continued to be in 21 contact with the Governor's office on boards and 22 commissions. We do think that they're making 23 substantial progress toward an appointment, and we 24 appreciate their -- the Governor's office keeping us as 25 updated as they can on that process. So, I'm very</p>	<p>09:38:36-09:40:03 Page 8</p> <p>1 dealing with when we appear in front of -- in front 2 of -- in front of -- in front of them at the end of the 3 month and then at the beginning of November and then, 4 finally, just update you briefly on the AZAN v. State 5 case. 6 Altogether, you know, we -- you know, Mary 7 is here in the event that any of -- in the event that, 8 in the course of this discussion, we have -- you have 9 questions that are better addressed to -- to her 10 than -- than I -- than me. And so that's -- that's how 11 I'd like to start, if that's all right. So it's not 12 materials, per se, to review. It's really just an 13 update on the process and where we are. 14 The main reason I wanted to do this on this 15 agenda is in order to -- you know, when we first -- 16 when our relationship with the Governor's Regulatory 17 Council changed -- and we -- and I mean changed the 18 first time when -- initiated by the Regulatory Review 19 Council's actions, that happened in a manner that -- 20 post hoc matter. In other words, by the time I was 21 talking to the commissioners -- and I'm not sure -- I 22 don't know if any -- maybe only Commissioner Meyer was 23 here at the time, but -- or maybe not, but we were 24 caught off-guard in terms of what we were anticipating. 25 And so I thought it would be better to --</p>
<p>09:37:17-09:38:34 Page 7</p> <p>1 optimistic that we'll have a new member joining us in 2 the near future based on the actions that they've 3 taken. 4 So, that's -- that is the end of the -- 5 that's the entirety of the executive director's report. 6 CHAIRMAN KIMBLE: Thank you. 7 Any questions for Tom from any members of 8 the Commission? 9 (No response.) 10 CHAIRMAN KIMBLE: Okay. Item IV: 11 Discussion and possible action on Commission rules 12 submission to the Governor's Regulatory Review 13 Commission, Proposition 306 and the Arizona Advocacy 14 Network versus State. And let me, also, just note the 15 Commission may vote to go into executive session, which 16 will not be open to the public, for the purpose of 17 obtaining legal advice on this item. 18 Tom, is there material we want to discuss 19 first? 20 MR. COLLINS: Well, it's really -- to 21 discuss? It's really more of an update. What I wanted 22 to do was briefly discuss what we've done with respect 23 to filings with the Governor's Regulatory Review 24 Council or Commission and -- and then discuss -- and 25 then mention a couple of issues that we anticipate</p>	<p>09:40:05-09:41:37 Page 9</p> <p>1 knowing now what we didn't know then, to tee up the 2 issues we think are going to be there for your 3 knowledge now and then -- and then -- and then answer 4 any questions and take any direction that needs to be 5 taken. 6 So, as you all know, we have completed our 7 work on three rule amendments, one of which removes a 8 rule of limitation on repayment matters that, in our 9 view, is not consistent with the statute. Two, we have 10 advanced a rule to remove the language that the Part 1 11 of Proposition 306 requires to be removed. And, then, 12 the third piece we have there is a simplification of 13 the process for candidates submitting their candidate 14 statements for the candidate statement pamphlet. 15 Now, none of these rules -- 16 COMMISSIONER CHAN: Tom? 17 MR. COLLINS: Yes. 18 COMMISSIONER CHAN: I would like to -- when 19 you say we have a rule to remove the -- 20 CHAIRMAN KIMBLE: Excuse me, Commissioner 21 Chan. We're having some trouble understanding you. 22 COMMISSIONER CHAN: Oh, I'm sorry. 23 CHAIRMAN KIMBLE: I don't know if there's 24 any way you could get closer to the phone or something. 25 It's somewhat muffled.</p>

<p>09:41:39-09:42:28</p> <p>Page 10</p> <p>1 COMMISSIONER CHAN: You know, I'm as close 2 as I can get. I wonder if I should just hang up and 3 try calling back in. 4 CHAIRMAN KIMBLE: That's substantially 5 better now. 6 COMMISSIONER CHAN: Oh, good. Okay. I'll 7 try to get super close. Apologies for the technical 8 difficulties. 9 Tom, real quick, you mentioned a rule to 10 remove that repayment rule? 11 MR. COLLINS: Yes. 12 COMMISSIONER CHAN: But I thought we were 13 going to revisit to try to rewrite that. 14 Is that still the plan? 15 MR. COLLINS: Mr. Chairman, Commissioner 16 Chan, that's with respect to a rule on loans that we -- 17 COMMISSIONER CHAN: Oh, I'm sorry. Did 18 I -- I'm sorry. You're right. I confused the two. My 19 apologies. 20 MR. COLLINS: Well, there's -- I mean, 21 they're not completely unrelated. I mean, they both 22 turn on similar issues. 23 COMMISSIONER CHAN: Thank you, though. 24 Okay. 25 MR. COLLINS: Anyway, so we submitted</p>	<p>09:44:23-09:46:05</p> <p>Page 12</p> <p>1 not unvoter-protected measures in the provisions of the 2 Clean Elections Act are, you know, the direction to 3 file an adopted rule with the Secretary of State's 4 Office and the discretion, in the case of where the 5 Commission does it unanimously, to make a rule 6 immediately effective. 7 To put this in some context, we have 8 endeavored to try to make our rule-making process as 9 predictable as we can. So, if you notice, over the 10 last several years, after the legislative session and 11 after an election -- so, it would be election, 12 legislative session, rule-making. That's how we've 13 done it, and then we try to get the rules effective at 14 the time of the next period where candidates may be 15 getting qualified. So, based on that authority in the 16 statute, we did establish an effective date for the 17 rules that I mentioned. 18 And so the two issues that we think we're 19 likely to have a discussion with the Governor's 20 Regulatory Review Council about are those two. It's 21 not clear to me what the council members' views are on 22 that. I think there is a view that -- for example, 23 there's the Game and Fish Commission. They use the 24 words "adopted rule" and then they send it to GRRC, but 25 there's no language in their statute that I can find</p>
<p>09:42:31-09:44:19</p> <p>Page 11</p> <p>1 those. We followed -- the folks who drafted 2 Proposition 306 removed the sentence that had -- that 3 had an exemption in it that had long been the view of 4 the Commission and -- the informed view of the 5 Commission that that exemption exempted the Commission 6 from the Regulatory Review Council process. That 7 exemption was removed from the statute by 306. The 8 statute, however, left the leaving place procedural and 9 other rule-related law in the -- in the Clean Elections 10 Act, which was then, essentially, you know, all but 11 reenacted by the voters because it was on the language 12 of the measure they voted on. 13 So, what we have done is submitted all of 14 the paperwork to GRRC that is necessary to be on the 15 agenda, which is the rule language, a statement of 16 consumer business impact, any public comment we would 17 have gotten. On those rules, we didn't get any public 18 comment pro or con at all. So, the package is 19 pretty -- pretty small. So, we have passed the 20 threshold with GRRC to have provided the amount of 21 information necessary to be on the agenda. So, that's 22 one checkbox. 23 We are, however, among the statutory 24 provisions that were left in place by the voters or, 25 you know, as I say, perhaps, reenacted but certainly</p>	<p>09:46:08-09:47:51</p> <p>Page 13</p> <p>1 directing those rules to be submitted to the Secretary 2 of State, like 16-956(c) says, the very last clause of 3 that section. 4 So, I think we'll be talking about, you 5 know, whether -- and then, I think, I'm not -- and I 6 think I have at least reason to believe that the 7 council does not think we ought to be able to declare 8 that a rule is -- a rule's effective date. And, I 9 guess, that would assume, then, that they, also, don't 10 believe that a rule is effective on January 1st 11 regardless of the unanimity of the vote. 12 So, the issues we'll probably be facing are 13 why do you think that the Clean Elections Act sections 14 that were left in place, if not reaffirmed by the 15 voters, are still effective and/or aren't preempted in 16 some way by the council. Our position on that thus far 17 has been, you know, we're trying to comply with two 18 statutes, and so we've done all the things the Clean 19 Elections Act requires and then advanced our package to 20 the council for its review. 21 So, I -- you know, before we go and present 22 that, I wanted to -- and I'm trying to make sure that 23 everybody understands that's the position we've taken. 24 If we are going to take a different position or want to 25 be flexible on those things, those are, you know,</p>

<p>09:47:54-09:49:26 Page 14</p> <p>1 things we can certainly talk about, but the bottom line 2 is that that's what we think will be the principal 3 focus. And there may be other issues. I mean, I don't 4 know all the substantive issues with the rules 5 themselves. That's a whole other question. 6 So, that's -- that's an update on that. 7 So, if - if there are questions about that, I'm happy 8 to take them. And, again, if they're more legal, I'm 9 happy to defer to Mary. 10 CHAIRMAN KIMBLE: Well, Tom, I have one 11 question. So, going back in time, has GRRC ever 12 approved our five-year review that we submitted -- I 13 don't know -- almost five years ago, it seems like? 14 MR. COLLINS: No. The 2015 -- 2015 report 15 that they returned to us, we returned to them in 2017, 16 and it was on their internal -- they keep a -- on their 17 website, they keep an internal agenda of stuff they 18 have coming up. Sometime in, I want to say, the 19 summer, the Clean Elections five-year review report 20 disappeared from that list. And I inquired about it, 21 and I was told that they just -- they thought it had 22 gotten stale, or something, words to that effect. So, 23 no, they've never acted on that. 24 CHAIRMAN KIMBLE: So, is that likely to be 25 a point of contention?</p>	<p>09:51:10-09:52:42 Page 16</p> <p>1 which I think it's November 5th. November 5th, so 2 that's election day, which should be easy to remember, 3 hopefully, for somebody. 4 And -- and so that's it. So, you know, I 5 mean, look, we -- so, really -- so, the question is, 6 you know, I mean, I think, the, you know -- well, 7 that's where we are. I don't know how contentious it 8 will be, and I also don't know if there's -- if there's 9 any -- if it will hold up the rule being approved. 10 I mean, at the end of the day, what we're 11 trying to do is follow the law as a whole, and we're 12 hopeful that the Regulatory Review Council will 13 recognize that this is -- there's no reason to let the 14 perfect be the enemy of the good here. We're not 15 trying to evade the review of the council. The council 16 has never reviewed our rules as they were passed ever. 17 That's the new part of things under Prop 306. 18 So, I'm hopeful that that will be a 19 non-issue, but those of you who have attended those 20 meetings -- some of you have -- know there are 21 particular council members who have a particular 22 distaste for the way we do things or maybe it's the way 23 I do things, but either way, John Sundt doesn't like me 24 very much. 25 CHAIRMAN KIMBLE: Do any other Commission</p>
<p>09:49:29-09:51:06 Page 15</p> <p>1 MR. COLLINS: You know, Mr. Chairman, 2 Counsel -- or Commission members, I don't think so. In 3 my view, you know, in a lot of ways, the Prop 306, 4 essentially, by existing acknowledges that the 5 Commission wasn't ever subject to the five-year review 6 process in the first place and that the fact that the 7 Commission submitted five-year reviews in 2005, 2010, 8 2015, 2017 clearly wasn't necessary; otherwise, Prop 9 306 wouldn't have been, although we did it. 10 So, I think that at this point, I'm 11 assuming the council is just going to move on, but I 12 don't -- you know, that's dependent on their 13 discretion. It just seems like a staff action to just 14 take it off their internal planning. So, I'm not 15 expecting to hear more about that. When we get to our 16 next five-year review, I guess, we'll have to figure 17 out what -- well, where we are with respect to that, 18 but that -- the ball on the five-year report from 2015 19 and 2017 is in GRRC's court if they want to do anything 20 else with it. We've done our -- we've done our bit. 21 CHAIRMAN KIMBLE: And when is GRRC taking 22 up the rules? 23 MR. COLLINS: We will appear at their study 24 session on October 29th and then their business session 25 will be the following -- a week -- a week from that,</p>	<p>09:52:44-09:54:18 Page 17</p> <p>1 members have any questions or comments on the GRRC 2 matter? 3 COMMISSIONER CHAN: No. 4 CHAIRMAN KIMBLE: Okay. Okay. What's 5 next, Tom? 6 MR. COLLINS: Okay. Well, then, the AZAN 7 v. State, which we threw on here because it has -- 8 it's, sort of, interrelated, in a sense, that, you 9 know, GRRC was a named party. They're not in part of 10 the appeal. The Secretary of State was a named party. 11 They're not part of the appeal. The State was named as 12 an entity. They are part of the appeal, as are we and 13 as are the Arizona Advocacy Network and their 14 coplaintiffs. 15 The -- how to put this? The procedural 16 posture now that an appeal has been filed and the State 17 has filed its opening brief are -- is that the Advocacy 18 Network plaintiffs are the -- are appellees, obviously, 19 because they were the -- they won -- they won the 20 judgment below and the injunction. The Commission is, 21 essentially, and acting as an appellee because we just 22 think that the State's position on this is incorrect. 23 And we think that, although we're not bound 24 by and certainly don't agree with every argument or 25 aspect of the way AZAN framed this matter, but the</p>

<p>09:54:24-09:56:18 Page 18</p> <p>1 ultimate resolution of it, you know, could, you know -- 2 you know, impact the Commission itself, rather than 3 just dealing with the question of, you know, what parts 4 of 1516 are effective and what parts are not. 5 In other words, there are -- part of the -- 6 part of the challenge to 1516 is that the political 7 committee definition that was adopted as part of 1516 8 which, essentially, carves out social welfare groups 9 who -- who make up the preponderance of candidates -- 10 of independent spenders who are not -- who, you know, 11 under 1516 would not be ever required to disclose their 12 donors as a political committee. You know, our rules 13 are not contrary to that, per se, but they are, also, 14 not directly stating that. 15 We have a formula for what we believe is 16 a -- makes a political committee. It would be very 17 hard for a 501(c)(4) to violate that rule if they're 18 following the IRS rules. Anyways, one of the issues in 19 1516 was to attempt to preempt the Commission's rules. 20 That's -- you know, and that's part of the reason we're 21 there. 22 The -- I think the State has, at least in 23 my view -- and we can send you their brief if you want, 24 but I mean, I think the main issues at this point on 25 appeal, as I read the State's brief, they would like</p>	<p>09:57:42-09:59:17 Page 20</p> <p>1 fix the problems I had and you didn't ask me for a stay 2 until a year has gone by. So -- and then the Court of 3 Appeals, likewise, declined to issue a stay with no 4 comment. 5 So -- so, that's where were. We have -- I 6 think this is related enough. We've been -- you know, 7 we have been working and had an opportunity to talk 8 with the Secretary of State's Office about their 9 campaign finance guidance that they'll be putting out, 10 and that's been -- I think that's pretty -- that's been 11 a good experience, and I think that's all pretty solid. 12 So, I think, in general, you know -- you 13 know, it's just -- to the extent that, you know, there 14 was some crossover between the two mainly because GRC 15 was named and, in part, because, you know, one of the 16 issues -- the hold -- one of the issues that 17 precipitated the fact that the five-year review took 18 five years to not complete was the Commission's -- or 19 the view -- or, as the statute puts it, the Agency's 20 view of its authorization to have rules that are now in 21 Rule R2-20-109 and R2-20-111. So -- or 110. 22 CHAIRMAN KIMBLE: So, is there any need to 23 go into executive session on anything else on this 24 item? 25 MR. COLLINS: Only if you have questions</p>
<p>09:56:21-09:57:39 Page 19</p> <p>1 to -- I think they've raised the stakes of the case a 2 little bit in their -- in their opening brief to deal 3 more directly with their -- their views of the 4 Commission rather than their views of 1516, but 5 nevertheless, that's where it is. 6 We'll be filing our answering brief in 7 whatever time -- I think that's probably going to be a 8 month away, or so. Yeah. And, then, there will be an 9 oral argument and we'll go from there. As things stand 10 with that case, there's no -- there was no stay 11 granted. The State and Secretary of State -- you know, 12 it was an -- the Superior Court issued an injunction. 13 So, it was immediately appealable. It was also signed. 14 So, it was immediately -- it was appealable at that 15 point. 16 The State and the Secretary of State and 17 GRC declined to appeal at that time, declined to ask 18 for a stay at that time. They went through a 19 legislative session. There was no action taken on the 20 judge -- on the Superior Court judge's injunction. We 21 get to the end of the -- end of the session, beginning 22 of election season. They move for a stay in the -- in 23 the -- in the Superior Court. Superior Court said, 24 basically -- I mean, I'm paraphrasing and vastly 25 oversimplifying, but you didn't do anything to try to</p>	<p>09:59:19-10:00:02 Page 21</p> <p>1 about, you know, the legal underpinnings of how we're 2 proceeding and why we're proceeding that way. 3 CHAIRMAN KIMBLE: Okay. Do any Commission 4 members have any questions of Tom on Item IV? 5 COMMISSIONER MEYER: This is Commissioner 6 Meyer. I do not. 7 CHAIRMAN KIMBLE: Okay. Commissioner Chan? 8 COMMISSIONER CHAN: I don't either. 9 CHAIRMAN KIMBLE: Okay. 10 COMMISSIONER CHAN: No. 11 CHAIRMAN KIMBLE: Okay. Commissioner 12 Paton? 13 COMMISSIONER PATON: No. 14 CHAIRMAN KIMBLE: Okay. 15 MR. COLLINS: Okay. 16 CHAIRMAN KIMBLE: Okay. Thank you. 17 Item V: Public comment. Is there anyone 18 who wants to tell us anything? 19 (No response.) 20 CHAIRMAN KIMBLE: Okay. Item VI: 21 Adjournment. 22 Is there a motion to adjourn? 23 COMMISSIONER PATON: I make a motion to 24 adjourn. 25 CHAIRMAN KIMBLE: Is there a second?</p>

10:00:05-10:00:22

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1 COMMISSIONER CHAN: I will second that
2 motion.
3 CHAIRMAN KIMBLE: Okay. We'll do a roll
4 call vote.
5 Commissioner Chan?
6 COMMISSIONER CHAN: Aye.
7 CHAIRMAN KIMBLE: Commissioner Meyer?
8 COMMISSIONER MEYER: Aye.
9 CHAIRMAN KIMBLE: Commissioner Paton?
10 COMMISSIONER PATON: Aye.
11 CHAIRMAN KIMBLE: The Chair votes aye. The
12 motion to adjourn is approved four to nothing.
13 Thank you.
14 (Whereupon, the proceedings concluded at
15 10:00 a.m.)

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Page 23

1 STATE OF ARIZONA)
2 COUNTY OF MARICOPA)
3 BE IT KNOWN the foregoing proceedings were
4 taken by me; that I was then and there a Certified
5 Reporter of the State of Arizona; that the proceedings
6 were taken down by me in shorthand and thereafter
7 transcribed into typewriting under my direction; that
8 the foregoing pages are a full, true, and accurate
9 transcript of all proceedings and testimony had and
10 adduced upon the taking of said proceedings, all done to
11 the best of my skill and ability.
12 I FURTHER CERTIFY that I am in no way
13 related to nor employed by any of the parties thereto
14 nor am I in any way interested in the outcome hereof.
15 DATED at Phoenix, Arizona, this 20th day of
16 October, 2019.

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18 _____
19 LILIA MONARREZ, RPR, CR #50699
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**CITIZENS CLEAN ELECTIONS COMMISSION
EXECUTIVE DIRECTOR REPORT
November 14, 2019**

Announcements:

- The public can view Commission meetings live via the internet at www.livestream.com/cleanelections. A link is available on our website.

Voter Education:

- Pinal County is in the final stages of production for their mobile voter registration and voting truck. This is a first of its kind project in the state of Arizona, and Clean Elections has been working with Pinal on the design of the truck and voter education efforts. An unveiling is being planned for the first week of December.
- Staff is working on post-event activities from the voter conference to analyze and identify successes and areas for improvement. This includes reviewing attendance numbers, sending out a survey to attendees and registrants for feedback and earned media performance. The presentations and videos from the event are available on the Clean Elections website.

Community Outreach/Events

- Gina and Tom participated in Maricopa County's planning meeting for voter education efforts for the Presidential Preference Election.
- Gina and Alec attended a meeting with Apache, Coconino and Navajo counties to discuss voter education efforts and partnerships.
- Avery met/collaborated with and/or provided voter registration/education services at the following events:
 - Eastlake Park Community Center
 - Mesa Community College Civic Action Team
 - YMCA Spooktacular Event
 - University Park
 - Linda Abril Academy High School Open House
 - MCC "Register for 2020" Election Day event
 - Secretary of State Voter Outreach Advisory Committee
 - Arizona Commission of African American Affairs meeting

Miscellaneous

- **Outstanding legal matters**
 - Legacy Foundation Action Fund
 - AZAN v. State et. al.
 - State Ex Rel Brnovich v. Ariz. Board of Regents.
- **Secretary of State/County Matters**
 - **Presidential Preference Election.** We have been working with counties and expect to work the Secretary of State's office on PPE related voter education.
 - **"Arizona Voter Dashboard" Confusion.** We have recently learned the Secretary's Office plans to use the term "Arizona Voter Dashboard" on a new initiative. This creates confusion and duplication of efforts that have

already been completed and are continually improved by Gina Roberts and her team.

- **SOS Budget.** Secretary of State's Office has been very public about its budget needs going into next session. We're hopeful that efforts will be undertaken to make See the Money reliable. We also have an unresolved issue around the ISA we signed with the SOS office. The current SOS deputy and election director believe that the end of SOS Reagan's term voided the agreement. Staff disagrees Nevertheless we have expended 200,000 for those services. We're hopeful that, to the extent the SOS succeeds in their effort, that it also may resolve the outstanding issues.

- **Appointments**

- Progress being made by the governor's office.
- Our understanding is that after that the Secretary's Office will make an appointment.

- **Rules**

- R2-20-702 Returned (this agenda)
- R2-20-113 Pending with GRRRC (11/26)
- R2-20-704 Pending with GRRRC (11/26)
- R2-20-104 (Loan subsection) (no return contact from Sec. Bennett) – Dec. or Jan. Commission meeting.
- R2-20-201 Clarifying investigative process – Dec. or Jan. Meeting.

Doug Ducey
Governor

Thomas M. Collins
Executive Director



Mark S. Kimble
Chair

Damien R. Meyer
Steve M. Titla
Galen D. Paton
Amy B. Chan
Commissioners

**State of Arizona
Citizens Clean Elections Commission**

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

MEMORANDUM

To: Commissioners

From: Thomas Collins, Executive Director and Mike Becker, Policy Director

Date: November 14, 2019

Subject: Proposed 2020 Calendar Year Budget

The Commission operates under system of caps that operate on a calendar year basis. We are asking the Commission to approve:

1. the 2020 expenditure cap (\$21,704,634);
2. the 2020 administration and enforcement expenditure cap (\$2,170,463);
3. the 2020 public education (paid media) expenditure cap (\$2,170,463);
4. the projection of 2020 candidate funding disbursements (\$3,125,900); and
5. the projection of no excess funds in the Clean Elections Fund in 2020.

Expenditure Cap on Total Expenses

In compliance with A.R.S. § 16-949, the Commission projects an expenditure cap for each calendar year for all expenses under the Act, including candidate funding. *Id.* That expenditure cap, in turn, may be exceeded during a four year period so long as the difference is made up by a cap reduction in a subsequent year. *Id.*

The Commission's projected expenditure cap for 2020 is \$21,704,634 .

Specific Categories of Expenses

The Commission categorizes operating expenses using four categories under the expenditure cap: Administration/Enforcement, Public Education, Voter Education and Candidate Funding. Our overhead costs are apportioned by a 50/50 split between Administration/Enforcement and Voter Education. Personal Services and Employee Related Expenses are apportioned by allocated staff-time between administration/enforcement and voter education responsibilities.

Administrative/Enforcement

The Clean Elections Act ("Act") permits the Commission to spend up to 10 percent of the calendar year expenditure cap for administrative and enforcement costs (A.R.S. §16-949 (B)). Administrative and Enforcement expenditures are projected at \$1,950,740 89% of the expenditure cap (\$2,170,463).

Public Education

The Commission may apply up to ten percent of the yearly expenditure cap for reasonable and necessary expense associated with public education, including participation and the purposes of the Act. A.R.S. §16-949 (C). Public education expenditures are projected at \$2,170,463.

Voter Education and Implementation of the Act

The Commission may make reasonable and necessary expenditures to implement the Act, including expenditures for voter education pursuant to A.R.S. 16-956(A). A.R.S. § 16-949(D) These expenditures are not subject to any cap. Id. Voter Education and Implementation Expenditures are projected at \$5,565,387.

Candidate Funding

Section 16-954(c) provides that the Commission annually project the “amount of clean elections funding for which all candidates will have qualified. . . for the following calendar year.”

There will be \$3,125,900 in candidate funding in calendar year 2020.

Other Projections

The Act provides that the Commission make two projections each year relating to the balance of and availability of funds in the Clean Elections Fund.

Section 16-954(B) provides that the Commission shall project the amount of money that will be collected in the fund over the next four years and the availability of those funds. The statute instructs the Commission to compare that projection to projected expenditures “under the assumption that expected expenses will be at the expenditure limit in § 16-949, subsection A” to determine whether there are “excess monies” in the fund.

This year, staff recommends that the Commission determine that there are no excess monies in the fund. As detailed in the chart below, projected revenue will run about \$54,488,080 below assumed expenses over the next four years.

Calendar Year	2020	2021	2022	2023
Projected Revenue	\$7,117,000	\$7,011,000	\$7,218,000	\$7,011,000
Projected Expenses (Assuming at expenditure limit)	\$21,704,634	\$21,704,634	\$21,704,634	\$21,704,634
Difference	\$(14,587,634)	\$(14,693,634)	\$(14,486,634)	\$(14,693,634)

Section 16-954(C) also provides that the Commission shall annually “announce whether the amount that the [C]ommission plans to spend the following year pursuant to § 16-949[A] . . . exceeds the projected amount of clean elections funding.” The statute continues by stating that if the Commission “determines that the fund contains insufficient monies or the spending cap would be exceeded were all candidates’ accounts fully funded,” then the commission may take steps to adjust the funding available to candidates.

Staff believes that the fund contains sufficient monies to fund participating candidates fully without exceeding the expenditure cap, as adjusted for carryover funds as described above. Therefore, staff does not recommend that the Commission take steps to adjust candidate funding.

**Citizens Clean Elections Commission
2020 Admin Expenditure Projections**

	2019 Actuals (as of Nov 1)	2020 Projections
<i>Expenses</i>		
Personal Services	\$ 204,572	\$ 480,000
ERE	65,545	175,000
Professional & Outside Services		
Attorney General Legal Services	54,319	90,000
External Legal Services	86,428	500,000
Other Professional Outside Services	358,884	450,000
<i>Total Professional & Outside Services</i>	<u>499,631</u>	<u>1,040,000</u>
Travel-In State	1,801	6,000
Travel Out-of-State	383	3,000
Other Operating Expenditures		
Risk Management Charges	1,050	2,000
Other External Data Processing	35,226	100,000
External Telecomm Charges	5,018	6,000
Other External Telecom Service	-	6,500
Rent Charges to State Agency	-	27,150
Rental of Other Machinery & Equip	-	500
Miscellaneous Rent	98	1,000
Internal Acct/Budg/Financial Services	4,250	5,000
Repair & Maintenance - Other Equip	2,206	3,500
Other Repair & Maintenance	1,399	2,000
Software Support and Maintenance	299	1,500
Office Supplies	798	2,500
Other Operating Supplies	19	200
Conference, Education & Training Reg.	129	3,500
Advertising	-	5,000
External Printing	4,387	7,000
Postage & Delivery	94	7,000
Awards	-	300
Dues	345	600
Books Subscriptions & Publications	8,367	10,000
Other Miscellaneous Operating	13	500
<i>Total Other Operating Expenditures</i>	<u>63,698</u>	<u>191,750</u>
Aid to Individua/Organization	6,555	25,000
Capital Equipment	-	-
Non-Capital Equipment	7,760	20,000
Transfers (other state agencies)	-	10,000
Total Expenses	<u><u>\$ 849,945</u></u>	<u><u>1,950,750</u></u>

**Citizens Clean Elections Commission
2020 Voter Public Education Expenditure Projections**

	2019 Actuals (as of Nov 1)	2020 Projections
<i>Expenses</i>		
Personal Services	\$ 216,321	\$ 480,000
ERE	75,855	175,000
Professional & Outside Services		
Public Ed- Paid Media	283,131	2,000,000
VE - Reister PO 3 ECA 18030	-	-
Attorney General Legal Services	54,319	90,000
Other Professional Outside Services	536,272	3,000,000
<i>Total Professional & Outside Services</i>	<u>873,722</u>	<u>5,090,000</u>
Travel-In State	782	20,000
Travel Out-of-State	3,404	5,000
Other Operating Expenditures		
Risk Management Charges	1,050	1,500
Other External Data Processing	86,848	200,000
AFIS Usage and Development	807	
External Telecom Charges	6,148	4,000
Other External Telecom Service	-	6,500
Rent Charges to State Agency	-	27,150
Rental of Info Tech Equipment	-	900
Rental of Other Machinery and Equipment	953	2,000
Miscellaneous Rent	-	10,000
Internal Acct/Budg/Financial Services	4,250	4,500
Repair & Maintenance - Info Tech PCLAN	-	500
Repair & Maintenance - Buildings	-	500
Repair & Maintenance - Other Equip	1,882	3,500
Other Repair & Maintenance	1,399	2,000
Software Support and Maintenance	299	1,500
Uniforms	-	500
Office Supplies	430	2,000
Computer Supplies	-	300
Other Operating Supplies	521	1,500
Conference Education & Training Reg.	2,229	10,000
Advertising	-	4,000
External Printing	1,104	900,000
Postage & Delivery	1,472	650,000
Awards	-	
Entertainment & Promo Items	-	15,000
Other Miscellaneous Operating	13	50,000
Dues	345	500
Books, Subscriptions & Publications	2,350	2,500

**Citizens Clean Elections Commission
2020 Voter Public Education Expenditure Projections**

<i>Total Other Operating Expenditures</i>	<u>112,100</u>	<u>1,900,850</u>
Capital Equipment		
Non-Capital Equipment	3,305	30,000
Transfers (other state agencies)	-	35,000
Total Expenses	<u>\$ 2,382,891</u>	<u>7,735,850</u>

**Citizens Clean Elections Commission
Revenue Projections - 4 years**

Revenues	2019 Actuals	2020	2021	2022	2023
Court Assessments	\$ 5,923,918	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Commission Assessments	10,782	7,000	3,000	8,000	3,000
\$5 Tax Donations	-	-	-	-	-
\$5 Candidate Qualifying Contributions	-	100,000	-	200,000	-
Miscellaneous	26,564	10,000	8,000	10,000	8,000
Total Revenues	\$ 5,961,264	\$ 7,117,000	\$ 7,011,000	\$ 7,218,000	\$ 7,011,000

Citizens Clean Elections Commission
 2020 Expenditure Caps
 A.R.S. §16-949

Expenditure Cap	Amount
Total Expenditure Cap	\$21,704,634
Public Ed Paid Media	\$2,170,463
Admin & Enforcement	\$2,170,463

2019 Tax Filers	Spending Limit Coefficient
3,100,662	\$7

**Citizens Clean Elections Commission
Expenditure Cap Spending and Fund Balance Projection**

Calendar Year	Beginning Fund Balance	Revenues	Expenditure Cap	Ending Fund Balance
2016	\$ 24,385,109	\$ 7,435,198	\$ 19,896,471	\$ 11,923,836
2017	\$ 11,923,836	\$ 7,459,556	\$ 20,321,063	\$ (937,671)
2018	\$ (937,671)	\$ 7,228,168	\$ 20,321,063	\$ (14,030,566)
2019	\$ (14,030,566)	\$ 7,000,000	\$ 20,932,604	\$ (27,963,170)
2020	\$ (27,963,170)	\$ 7,117,000	\$ 21,704,634	\$ (42,550,804)

**Citizens Clean Elections Commission
Expenditure Cap/Excess Funds Projections - 4 years**

Calendar Year	Beginning Fund Balance	Projected Revenues	Projected Expenditure Cap	Ending Fund Balance
2019	\$26,808,067	\$7,013,000	\$20,932,604	\$12,888,463
2020	\$12,888,463	\$7,106,000	\$21,704,634	(\$1,710,171)
2021	(\$1,710,171)	\$7,013,000	\$21,704,634	(\$16,401,805)
2022	(\$16,401,805)	\$7,218,000	\$21,704,634	(\$30,888,439)

**Citizens Clean Elections Commission
Anticipated Fund Balance Projections - 4 Years**

Calendar Year	Beginning Fund Balance	Projected Revenues	Projected Expenditures	Ending Fund Balance
2020	\$29,092,412	\$7,117,000	\$12,812,500	\$23,396,912
2021	\$23,396,912	\$7,000,000	\$2,800,000	\$27,596,912
2022	\$27,596,912	\$7,117,000	\$18,000,000	\$16,713,912
2023	\$16,713,912	\$7,000,000	\$2,800,000	\$20,913,912

**Citizens Clean Elections Commission
2020 Candidate Funding Projection**

<i>Calendar Year</i>	2016	2017	2018	2019	2020 Projection
<i>Candidate Funding</i>	\$2,150,002	\$0.00	\$8,973,613	\$0.00	\$3,125,900

**Citizens Clean Elections Commission
2020 Candidate Funding Projections**

2020 Primary Funding Projections			2020 General Funding Projections			
Office	Participating Candidates	Primary Funding Amt.	Office	Participating Candidates	General Funding Amt.	Funding Total
Corp Comm (3 seats)	7	\$ 116,016	Corp Comm (3 seats)	4	\$ 174,024	\$ 696,096
Legislature	90	\$ 18,121	Legislature	55	\$ 27,182	\$ 1,495,010
<i>Total Primary Funding for Statewide and Legislature</i>		<u>\$ 1,630,890</u>	<i>Total General Funding for Statewide and Legislature</i>		<u>\$ 1,495,010</u>	
Total Candidate Funding for 2020 Election		<u>\$ 3,125,900</u>				

Doug Ducey
Governor

Thomas M. Collins
Executive Director



Mark S. Kimble
Chair

Steve M. Titla
Damien R. Meyer
Galen D. Paton
Amy B. Chan
Commissioners

**State of Arizona
Citizens Clean Elections Commission**

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

MEMORANDUM

To: Commissioners

From: Tom Collins, Executive Director

Date: 11/8/19

Subject: Executive Director's Recommendation on approach to R2-20-702

As you know, the Commission recently approved of a revision to R2-20-702 to bring it in compliance with statutory changes caused by Prop. 306. Because of the vote approving Prop. 306, the Commission submitted the rule amendment for approval to the Governor's Regulatory Review Council (GRRC). On Tuesday November 4th, the council did not approve the amended R2-2-702. Instead, using its language, GRRC "returned" R2-20-702. Although GRRC does not issue reasoned decisions like a Court, one apparent reason for the "return" vote was based on Council Member Sundt's expressed confusion on retaining the remainder of R2-20-702(B), despite our efforts to remove any language that could conceivably be read as conflicting with Prop. 306. The Council concurred and returned the Rule.

At that meeting I informed the Council that I would recommend further amendment of the Rule.

The amendment the Commission submitted to GRRC is copied below for reference. **[move quote of prior amendment to bottom]**

R2-20-702. Use of Campaign Funds¹

A. A participating candidate shall use funds in the candidate's current campaign account to pay for goods and services for direct campaign purposes only. Funds shall be disbursed and reported in accordance with A.R.S. § 16-948(C).

B. A participating candidate may:

1. Make a payment from the candidate's campaign bank account:

a. To a political committee or civic organization ~~including a person with tax exempt status under section 501(a) of the internal revenue code~~ or an unincorporated association. The payment is not a contribution if the payment is reasonable in relation to the value received.

b. For customary charges for services rendered, such as for printing and obtaining voter or telephone lists, shall be considered reasonable in relation to the value received.

c. Of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received.

2. ~~Only make an advanced payment to a political party for services such as consulting, communications, field employees, canvassers, mailers, auto dialers, telephone town halls, electronic communications and other advertising purchases and other campaign services if an itemized invoice identifying the value of the service is provided directly to the participating candidate at the time of the advanced payment.~~

~~a. Payment in the absence of an itemized invoice or advanced payment for such services shall be deemed a contribution to the political party.~~

~~b. Payment may be advanced 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 the postage.~~

~~c. Payment may be advanced for advertising that customarily requires prepayment 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.~~

~~d. A political party may not mark up or add any additional charge to the value of services provided to the particular candidate. All expenditures must be for the services used by the particular participating candidate.~~

~~e. 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 a mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.~~

C. A participating candidate shall not use funds in the candidate's

¹ In the interest of brevity, I have omitted specific transportation rules under R2-20-702(G).

campaign account for:

1. Costs of legal defense in any campaign law enforcement proceeding or for any affirmative claim or litigation in court or before the Commission regarding a campaign. This prohibition does not bar use of campaign funds for payments to attorneys or certified accountants for proactive compliance advice and assistance.
2. Food and beverages for staff and volunteers exceeding \$11 for breakfast, \$16 for lunch, and \$27 for dinner, per person.
3. Personal use, which includes, but is not limited to, any item listed below:
 - a. Household food items or supplies.
 - b. Clothing, other than items of de minimis value that are used in the campaign, such as campaign “tshirts” or caps with campaign slogans.
 - c. Tuition payments, other than those associated with training campaign staff.
 - d. Mortgage, loan, rent, lease or utility payments:
 - i. For any part of any personal residence of the candidate or a member of the candidate’s family; or
 - ii. 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.
 - e. Admission to a sporting event, concert, theater or other form of entertainment, unless part of a specific campaign activity.
 - f. 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.
 - g. Gifts or donations.
 - h. Extended warranties or other similar purchase options that extend beyond the campaign.
4. Payment to a candidate or a candidate’s family member, as defined in R2-20-101(13), or an enterprise owned in whole or part by a candidate or family member, for the provisions of goods or services to the extent the payments exceed the fair market value of the goods or services. All

payments made to family members or to enterprises owned in whole or part by the candidate or a family member shall be clearly itemized and indicated as such in all campaign finance reports.

- D. Participating candidates may purchase fixed assets with a value not to exceed \$800. Fixed assets, including accessories, purchased with campaign funds that can be used for non-campaign purposes with a value of \$200 or more shall be turned into 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 value shall include any accessories purchased for use with the fixed asset in question. A candidate may elect to keep an item by reimbursing the Commission for 80 percent of the original purchase price including the cost of accessories.
- E. During the primary election period, a participating candidate shall not make any expenditure greater than the difference between:
1. The sum of early contributions received plus public funds disbursed through the primary election period; less
 2. All other expenditures made during and for the exploratory, qualifying and primary election periods.

At the GRRC study session and the business meeting, some council members of GRRC and particularly Council Member Sundt indicated that the remainder of R2-20-702(B) was “confusing.” We are in communication with staff counsel for GRRC to learn additional information. Absent further direction from GRRC, I recommend that the Commission adopt an amendment excising the remainder of 702(B).

Such an amendment would look like this:

R2-20-702. Use of Campaign Funds

A. A participating candidate shall use funds in the candidate’s current campaign account to pay for goods and services for direct campaign purposes only. Funds shall be disbursed and reported in accordance with A.R.S. § 16-948(C).

~~B. A participating candidate may:~~

~~1. Make a payment from the candidate’s campaign bank account:~~

~~a. To a political committee or civic organization including a person with tax exempt status under section 501(a) of the internal revenue code or an~~

~~unincorporated association. The payment is not a contribution if the payment is reasonable in relation to the value received.~~

~~b. For customary charges for services rendered, such as for printing and obtaining voter or telephone lists, shall be considered reasonable in relation to the value received.~~

~~c. Of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received.~~

~~2. Only make an advanced payment to a political party for services such as consulting, communications, field employees, canvassers, mailers, auto dialers, telephone town halls, electronic communications and other advertising purchases and other campaign services if an itemized invoice identifying the value of the service is provided directly to the participating candidate at the time of the advanced payment.~~

~~a. Payment in the absence of an itemized invoice or advanced payment for such services shall be deemed a contribution to the political party.~~

~~b. Payment may be advanced 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 the postage.~~

~~c. Payment may be advanced for advertising that customarily requires prepayment 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.~~

~~d. A political party may not mark up or add any additional charge to the value of services provided to the particular candidate. All expenditures must be for the services used by the particular participating candidate.~~

~~e. 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 a mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.~~

~~C-B. A participating candidate shall not use funds in the candidate's campaign account for:~~

~~2. Costs of legal defense in any campaign law enforcement proceeding or for any affirmative claim or litigation in court or before the Commission regarding a campaign.~~

~~This prohibition does not bar use of campaign funds for payments to attorneys or certified accountants for proactive compliance advice and assistance.~~

~~2. Food and beverages for staff and volunteers exceeding \$11 for breakfast, \$16 for lunch, and \$27 for dinner, per person.~~

3. Personal use, which includes, but is not limited to, any item listed below:
 - a. Household food items or supplies.
 - b. Clothing, other than items of de minimis value that are used in the campaign, such as campaign “tshirts” or caps with campaign slogans.
 - c. Tuition payments, other than those associated with training campaign staff.
 - d. Mortgage, loan, rent, lease or utility payments:
 - i. For any part of any personal residence of the candidate or a member of the candidate’s family; or
 - ii. 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.
 - e. Admission to a sporting event, concert, theater or other form of entertainment, unless part of a specific campaign activity.
 - f. 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.
 - g. Gifts or donations.
 - h. Extended warranties or other similar purchase options that extend beyond the campaign.
 4. Payment to a candidate or a candidate’s family member, as defined in R2-20-101(13), or an enterprise owned in whole or part by a candidate or family member, for the provisions of goods or services to the extent the payments exceed the fair market value of the goods or services. All payments made to family members or to enterprises owned in whole or part by the candidate or a family member shall be clearly itemized and indicated as such in all campaign finance reports.
- D. C.** Participating candidates may purchase fixed assets with a value not to exceed \$800. Fixed assets, including accessories, purchased with campaign funds that can be used for non-campaign purposes with a value of \$200 or more shall be turned into 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 value shall include any accessories purchased for use with the fixed asset in question. A candidate may elect to keep an item by reimbursing the Commission for 80 percent of the original purchase price including the cost of accessories.

E. D. During the primary election period, a participating candidate shall not make any expenditure greater than the difference between:

1. The sum of early contributions received plus public funds disbursed through the primary election period; less
2. All other expenditures made during and for the exploratory, qualifying and primary election periods.

I am recommending the deletion of the remainder of R2-20-702 to promote certainty for the Commission and its regulated community. In addition, the additional deletion does not pose a risk of significant harm. Although GRRC's action leaves more confusion about what the current rules are, it makes sense to remove this uncertainty and attempt to satisfy the purported concerns of GRRC.

Finally, I do want to include a separate comment stating that Rhonda Paschal, the long time Rules Editor for the Arizona Secretary of State's office has been a valuable resource to our agency throughout our work, and especially in the past few months. She has an incredibly important and time-consuming job, but goes above and beyond in ensuring that we filed our documents properly.