



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

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**Location:** Citizens Clean Elections Commission

1616 West Adams, Suite 110

Phoenix, Arizona 85007

**Date:** Thursday, April 30, 2020

**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 April 30, 2020. 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](http://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, but is not limited to, 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.**

**Possible actions with regard to Rules and Rules amendments may include, but is not limited to, approval of the proposed rules or amendments, a determination whether any rules adopted unanimously should be made effective immediately, termination of a rulemaking docket, or directing staff to file a notice of supplemental rulemaking, approving a proposed Rule or Amendment for Public Comment.**

The agenda for the meeting is as follows:

- I. Call to Order.

- II. Discussion and Possible Action on Commission Minutes for February 27, 2020 and March 16, 2020 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, legal, rulemaking, appointment and voter education 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 Voter Education including:
  - A. Debate Format Change.
  - B. Ballot by Mail and Pollworker Recruitment Campaign
- V. Discussion and Possible Action on State Budget Outlook Report.
- VI. Discussion and Possible Action on Outstanding Election Cases.

**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. 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
- VIII. 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 28<sup>th</sup> day of April, 2020.

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

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CITIZENS CLEAN ELECTIONS COMMISSION

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REPORTER'S TRANSCRIPT OF PUBLIC MEETING

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Phoenix, Arizona

15

March 16, 2020

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9:33 a.m.

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COASH & COASH, INC.

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<p>Page 2</p> <p>1 PUBLIC MEETING BEFORE THE CITIZENS CLEAN 2 ELECTIONS COMMISSION convened at 9:33 a.m. on March 16, 3 2020, at the State of Arizona, Clean Elections 4 Commission, 1616 West Adams, Conference Room, Phoenix, 5 Arizona, in the presence of the following Board members: 6 7 Mr. Galen D. Paton, Chairman (Telephonic) 8 Mr. Damien Meyer (Telephonic) 9 Mr. Mark S. Kimble (Telephonic) 10 Ms. Amy B. Chan (Telephonic) 11 12 OTHERS PRESENT: 13 14 Thomas M. Collins, Executive Director 15 Paula Thomas, Executive Officer 16 Mike Becker, Policy Director 17 Alec Shaffer, Web Content Manager 18 Julian Arndt, Executive Support Specialist 19 Avery Oliver, Voter Education Specialist 20 Kara Karlson, Assistant Attorney General 21 22 23 24 25</p>	<p>09:34:39-09:36:15</p> <p>Page 4</p> <p>1 this. We've been in -- I think -- I think you have a 2 copy of the communication from the Attorney General's 3 Office. I've gotten some follow-up communication that, 4 I think, is helpful. 5 My -- my thoughts on this, just to kind of 6 keep this quick, are I think that, you know, we know 7 that the Attorney General's Office is very busy right 8 now. We know that our staff is very busy right now. 9 You know, we didn't really anticipate or -- we 10 certainly didn't precipitate this -- this development 11 in the first place. This was -- this was something 12 that was unilaterally done by the Attorney General's 13 Office. 14 That having been said, my only 15 recommendation on this at this point is to put a button 16 in it until we can get to a time when we can address it 17 more fully. I don't have the time or the resources 18 necessary to get into the number of ways in which I 19 think that the Attorney General's position is 20 inconsistent with the law -- the law of the Attorney 21 General's Office, the law of lawyer regulation and the 22 procurement law, in general, but I -- other than to 23 say, you know, other than that, I just don't think we 24 are in a position to push this farther at this moment. 25 You know, we have another meeting at the</p>
<p>09:33:35-09:34:36</p> <p>Page 3</p> <p>1 PROCEEDING 2 3 CHAIRMAN PATON: All right. It is 9:33 on 4 March 16, 2020. I'm Chairman Galen Paton, and I call 5 this meeting of the Citizens Clean Elections Commission 6 to order. 7 And we will now take attendance. Each 8 Commissioner, please, state your presence for the 9 record. 10 Commissioner Chan? 11 COMMISSIONER CHAN: Here. 12 CHAIRMAN PATON: Commissioner Kimble? 13 COMMISSIONER KIMBLE: Here. 14 CHAIRMAN PATON: Commissioner Meyer? 15 COMMISSIONER MEYER: Here. 16 CHAIRMAN PATON: And I am Commissioner 17 Paton, and I am here, as well. And so, we do have a 18 quorum. 19 Item II: Discussion and possible action on 20 issues associated with the Attorney General's Office. 21 Mr. Collins, would you give us an update? 22 MR. COLLINS: Yes, Mr. Chairman, 23 Commissioners, thank you. 24 Just real quickly, obviously, a couple of 25 different things have happened since we last met on</p>	<p>09:36:16-09:37:34</p> <p>Page 5</p> <p>1 end of the month and meetings after that. If something 2 else were to happen, we can -- we can monitor the 3 situation. 4 So, really, our goal here over the course 5 of the last week since our last communication has been 6 to ascertain, as best we can, what this -- with the 7 help of the AG's office, you know, in this case, you 8 know, to get our arms around the scope of the issue. I 9 think I have a better understanding of that, but as I 10 say, I just don't think that -- I just don't think this 11 is the most effective use of our time at this moment in 12 time. And that's, you know, changed over the course of 13 simply, literally, the last week, obviously. 14 So, those are my thoughts. I don't -- if 15 you have questions for me about the correspondence you 16 have or any other thoughts that I might be able to 17 answer, I'm happy to take those questions. 18 We -- the last thing I'll say, just to make 19 sure everything is summarized, we placed the amicus 20 brief issue on the agenda as a separate item in the 21 event that either you wanted to discuss it as a 22 separate topic or take some action thereon. Staff's 23 recommendation was and continues to be that we just -- 24 we don't, as a body, get involved in that process at 25 this point. I think that -- I don't -- again, I don't</p>

09:37:40-09:38:52	Page 6	09:40:06-09:41:30	Page 8
<p>1 think that given -- given the run of things, I just</p> <p>2 don't think that that's something we need to do at this</p> <p>3 point.</p> <p>4 So, those -- those are my thoughts. I</p> <p>5 appreciate you all -- I appreciate Chairman Paton</p> <p>6 calling the meeting to make sure that we all had a</p> <p>7 chance to check in on that. I think that was the right</p> <p>8 decision and I appreciate it, but I really, at this</p> <p>9 point, would just take your questions if you have any</p> <p>10 on those issues.</p> <p>11 CHAIRMAN PATON: So -- this is Chairman</p> <p>12 Paton.</p> <p>13 So, your recommendation, then, for us to</p> <p>14 proceed in this meeting is to what?</p> <p>15 MR. COLLINS: My recommendation with</p> <p>16 respect to this meeting is if there are questions that</p> <p>17 I can answer, I'm happy to answer those, but I don't --</p> <p>18 since we have not taken any action vis-a-vis the -- the</p> <p>19 AG's office or the amicus brief, there's no need to</p> <p>20 take any action on those items. We do have that rule</p> <p>21 agenda item, Item III, that I would like to get through</p> <p>22 today since we're all here, but my recommendation is</p> <p>23 that -- I have no action to recommend at this point.</p> <p>24 That doesn't mean that you all may not have</p> <p>25 actions that you think are appropriate and necessary or</p>		<p>1 agree with what Commissioner Kimble said. I wasn't</p> <p>2 happy with the response of the Attorney General's</p> <p>3 Office, particularly declining to meet with us. I</p> <p>4 think that says it all, that they don't really have</p> <p>5 anything that they can stand on, but I don't really</p> <p>6 know what more we can do at this point. So, I agree</p> <p>7 with Commissioner Kimble and agree with Tom's</p> <p>8 recommendation.</p> <p>9 CHAIRMAN PATON: And -- thank you.</p> <p>10 And this is Commissioner Paton, and I would</p> <p>11 agree with the other two, that I think we have other</p> <p>12 things down the road where we need goodwill on</p> <p>13 everybody's part. And I don't want to muddy the waters</p> <p>14 right now right during the legislature, and so on.</p> <p>15 And so, Mr. Collins, what is our next item</p> <p>16 to --</p> <p>17 MR. COLLINS: Yes. Thank you,</p> <p>18 Mr. Chairman. Yes. If I would -- if we could move on</p> <p>19 to Item III: Discussion and possible action and final</p> <p>20 approval of amendments to R2-20-703.01.</p> <p>21 With your permission, Mr. Chairman, I'll</p> <p>22 just go through that real quick.</p> <p>23 MS. THOMAS: Item IV.</p> <p>24 MR. COLLINS: Oh, Item IV. I'm sorry.</p> <p>25 Item IV. Item IV, but I'll go through that real quick,</p>	
09:38:56-09:40:03	Page 7	09:41:32-09:42:22	Page 9
<p>1 that you all may not have questions that you have that</p> <p>2 might trigger some -- some discussion along those</p> <p>3 lines. That's really, at this point, my -- my thought.</p> <p>4 Does that answer your question, Chairman</p> <p>5 Paton?</p> <p>6 CHAIRMAN PATON: Okay. So, are there any</p> <p>7 questions for Mr. Collins on his statements?</p> <p>8 COMMISSIONER KIMBLE: Mr. Chairman, this is</p> <p>9 Commissioner Kimble.</p> <p>10 CHAIRMAN PATON: Yes, Commissioner Kimble,</p> <p>11 go ahead.</p> <p>12 COMMISSIONER KIMBLE: I -- Tom, I just</p> <p>13 wanted to say that, although I'm not happy with the</p> <p>14 response of the Attorney General's Office, particularly</p> <p>15 even declining to meet with us, and I'm not happy with</p> <p>16 their previous actions, I think, personally, this is</p> <p>17 something that I think we've just got to swallow up. I</p> <p>18 don't think this is a hill that I'm ready to die on in</p> <p>19 our -- in our continuing discussions with the Attorney</p> <p>20 General's Office.</p> <p>21 CHAIRMAN PATON: And anybody else?</p> <p>22 COMMISSIONER CHAN: Mr. Chairman?</p> <p>23 CHAIRMAN PATON: Yes, Commissioner Chan.</p> <p>24 COMMISSIONER CHAN: Mr. Chairman, I think I</p> <p>25 couldn't have said it better myself. I would totally</p>		<p>1 with your permission.</p> <p>2 CHAIRMAN PATON: Yes.</p> <p>3 MR. COLLINS: So --</p> <p>4 CHAIRMAN PATON: So, we're skipping</p> <p>5 Item III?</p> <p>6 MR. COLLINS: Well, unless you all want to</p> <p>7 take a vote on the amicus brief issue.</p> <p>8 CHAIRMAN PATON: We don't need to, then,</p> <p>9 correct?</p> <p>10 MR. COLLINS: Correct. You are correct.</p> <p>11 You are correct.</p> <p>12 CHAIRMAN PATON: Okay. All right. Go</p> <p>13 ahead on Item IV, then.</p> <p>14 MR. COLLINS: Thank you.</p> <p>15 So, this is a final approval of a rule</p> <p>16 amendment that we had -- we had at issue with in the</p> <p>17 last agenda. Since we're all here, we wanted to go</p> <p>18 ahead and get that final approval.</p> <p>19 R2-20-703.01, we drafted in response to</p> <p>20 comments from the Governor's Regulatory Review Council</p> <p>21 and their view of how to implement Prop 306. We have</p> <p>22 received no --</p> <p>23 CHAIRMAN PATON: Excuse me, Tom.</p> <p>24 MR. COLLINS: Yes. I apologize.</p> <p>25 CHAIRMAN PATON: Excuse me. By my agenda,</p>	

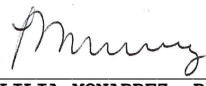
09:42:23-09:43:32	Page 10	09:45:42-09:46:49	Page 12
<p>1 this is Item III that you're speaking of, not Item IV.</p> <p>2 MR. COLLINS: Right. For clarity's sake,</p> <p>3 that's -- it's the item labeled discussion and possible</p> <p>4 action on final approval of amendments to Arizona</p> <p>5 Administrative Code R2-20-703.01. I have it as Item</p> <p>6 III on my script, but I don't have the agenda in front</p> <p>7 of me right this minute. So, it's not --</p> <p>8 CHAIRMAN PATON: That's -- so, I guess,</p> <p>9 that's why it's hard to do this by phone. So, my --</p> <p>10 MR. COLLINS: Right.</p> <p>11 CHAIRMAN PATON: On my agenda here, it says</p> <p>12 Item III as to what you're discussing. So, I just -- I</p> <p>13 didn't want it to be confusing. So, if we could use</p> <p>14 this as Item III, then, I guess.</p> <p>15 MR. COLLINS: Yes. The substance of the</p> <p>16 item is what is the relevant issue here. It's</p> <p>17 discussion and possible action on the status of the</p> <p>18 rule amendment -- approval of rule amendments to A.A.C.</p> <p>19 R2-20-703.01.</p> <p>20 Okay. So, anybody watching at home, that</p> <p>21 is what we're discussing.</p> <p>22 Sorry.</p> <p>23 CHAIRMAN PATON: Go ahead. I'm sorry.</p> <p>24 MR. COLLINS: No, no, no. That's helpful.</p> <p>25 The -- anyways. So, as I said, this was</p>	<p>1 rule finally and, Number 2, because we're in the midst</p> <p>2 of an election cycle, that the Commission vote to make</p> <p>3 that rule effective immediately, pursuant to A.R.S.</p> <p>4 16-956.</p> <p>5 So, those are the actions we're requesting,</p> <p>6 Mr. Chairman and members.</p> <p>7 CHAIRMAN PATON: Okay. Do we have any</p> <p>8 motions?</p> <p>9 COMMISSIONER CHAN: Mr. Chairman, I would</p> <p>10 move that we give final approval of R2-20-703.01.</p> <p>11 CHAIRMAN PATON: And do I have a second?</p> <p>12 COMMISSIONER MEYER: And this is</p> <p>13 Commissioner Kimble. Second.</p> <p>14 CHAIRMAN PATON: Okay. So, we have a</p> <p>15 motion and a second. We'll do a roll call.</p> <p>16 So, Commissioner Chan?</p> <p>17 COMMISSIONER CHAN: Aye.</p> <p>18 CHAIRMAN PATON: Commissioner Kimble?</p> <p>19 COMMISSIONER KIMBLE: Aye.</p> <p>20 CHAIRMAN PATON: Commissioner Meyer?</p> <p>21 COMMISSIONER MEYER: Aye.</p> <p>22 CHAIRMAN PATON: And the chairman,</p> <p>23 Commissioner Paton, I vote aye, as well.</p> <p>24 MR. COLLINS: So --</p> <p>25 CHAIRMAN PATON: And --</p>		
09:43:39-09:45:38	Page 11	09:46:51-09:47:46	Page 13
<p>1 based on comments from the council member -- a council</p> <p>2 member implementing their view of Prop 306. This,</p> <p>3 basically, reiterates in a third place in -- or --</p> <p>4 yeah, I guess, a third place in Rule 7 -- in Article 7</p> <p>5 that you oughten spend money directly or indirectly</p> <p>6 with a political party or a nonprofit that engages in</p> <p>7 advocacy on behalf of or against candidates.</p> <p>8 That's the upshot of the rule. As I</p> <p>9 mentioned, we've received no public comment on this</p> <p>10 either for or against. With respect to the small</p> <p>11 business, economic and consumer impact, again, as we've</p> <p>12 discussed with some similar rules in the past, you</p> <p>13 know -- you know, we will see if there's any -- if we</p> <p>14 get any further questions respecting this rule as we go</p> <p>15 forward, but for the most part, this is -- this rule</p> <p>16 ought -- oughten to do more than simply reiterate what</p> <p>17 the statute already says.</p> <p>18 So, you know, in any event, whatever</p> <p>19 economic, small business or consumer impact there's</p> <p>20 going to be is kind of subsumed in the recommendations</p> <p>21 that we've received. So I -- you know, it's -- there</p> <p>22 may be a marginal compliance cost, but that's really</p> <p>23 about all I can say about that.</p> <p>24 So, with that, what we're asking for is,</p> <p>25 Number 1, that we -- that the Commission approve the</p>	<p>1 MR. COLLINS: Sorry.</p> <p>2 COMMISSIONER CHAN: Mr. Chairman, could I</p> <p>3 make -- I'll make a motion to make this rule effective</p> <p>4 immediately, just as Tom said.</p> <p>5 CHAIRMAN PATON: Okay. Do we have a</p> <p>6 second?</p> <p>7 COMMISSIONER KIMBLE: Commissioner Kimble.</p> <p>8 Second.</p> <p>9 CHAIRMAN PATON: Okay. So, we have a</p> <p>10 motion and a second.</p> <p>11 Commissioner Chan, how do you vote?</p> <p>12 COMMISSIONER CHAN: Aye.</p> <p>13 CHAIRMAN PATON: Commissioner Kimble?</p> <p>14 COMMISSIONER KIMBLE: Aye.</p> <p>15 CHAIRMAN PATON: Commissioner Meyer?</p> <p>16 COMMISSIONER MEYER: Aye.</p> <p>17 CHAIRMAN PATON: And Commissioner/Chairman</p> <p>18 Paton, I vote aye, as well.</p> <p>19 And Item IV, do we have any public comment</p> <p>20 at this time?</p> <p>21 MR. COLLINS: We are -- we have no public</p> <p>22 comment. So, again --</p> <p>23 CHAIRMAN PATON: Okay.</p> <p>24 MR. COLLINS: -- the substance of that item</p> <p>25 was public comment, and there is no one here to make</p>		

09:47:48-09:48:21

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1 public comment.  
2 CHAIRMAN PATON: Okay. So Item V: Motion  
3 to adjourn.  
4 At this time, I would we entertain a motion  
5 to adjourn.  
6 COMMISSIONER CHAN: Mr. Chairman, I move  
7 that we adjourn our meeting.  
8 CHAIRMAN PATON: Okay. Commissioner Chan.  
9 COMMISSIONER KIMBLE: This is Commissioner  
10 Kimble. Second.  
11 CHAIRMAN PATON: We have a motion and a  
12 second to adjourn.  
13 Commissioner Chan, how do you vote?  
14 COMMISSIONER CHAN: Aye.  
15 CHAIRMAN PATON: Commissioner Kimble?  
16 COMMISSIONER KIMBLE: Aye.  
17 CHAIRMAN PATON: Commissioner Meyer?  
18 COMMISSIONER MEYER: Aye.  
19 CHAIRMAN PATON: And the Chair,  
20 Commissioner Paton, I vote aye, as well.  
21 We are now adjourned. Thank you.  
22 (Whereupon, the proceedings concluded at  
23 9:48 a.m.)  
24 ///  
25 ///

Page 15

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, and by virtue thereof  
6 authorized to administer an oath; that the proceedings  
7 were taken down by me in shorthand and thereafter  
8 transcribed into typewriting under my direction; that  
9 the foregoing pages are a full, true, and accurate  
10 transcript of all proceedings and testimony had and  
11 adduced upon the taking of said proceedings, all done to  
12 the best of my skill and ability.  
13 I FURTHER CERTIFY that I am in no way  
14 related to nor employed by any of the parties thereto  
15 nor am I in any way interested in the outcome hereof.  
16 DATED at Phoenix, Arizona, this 17th day of  
17 March, 2020.  
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20 LILIA MONARREZ, RPR, CR #50699  
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	<b>best (1)</b> 5:6 <b>better (2)</b> 5:9;7:25 <b>body (1)</b> 5:24 <b>brief (3)</b> 5:20;6:19;9:7 <b>business (2)</b> 11:11,19 <b>busy (2)</b> 4:7,8 <b>button (1)</b> 4:15	<b>concluded (1)</b> 14:22 <b>confusing (1)</b> 10:13 <b>consumer (2)</b> 11:11,19 <b>continues (1)</b> 5:23 <b>continuing (1)</b> 7:19 <b>copy (1)</b> 4:2 <b>correspondence (1)</b> 5:15 <b>cost (1)</b> 11:22 <b>Council (3)</b> 9:20;11:1,1 <b>couple (1)</b> 3:24 <b>course (2)</b> 5:4,12 <b>cycle (1)</b> 12:2		<b>last (6)</b> 3:25;5:5,5,13,18;9:17 <b>law (4)</b> 4:20,20,21,22 <b>lawyer (1)</b> 4:21 <b>legislature (1)</b> 8:14 <b>lines (1)</b> 7:3 <b>literally (1)</b> 5:13
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Transcript of Proceedings - February 27, 2020  
Public Meeting

THE STATE OF ARIZONA  
CITIZENS CLEAN ELECTIONS COMMISSION

REPORTER'S TRANSCRIPT OF PUBLIC MEETING

Phoenix, Arizona  
February 27, 2020  
9:31 a.m.

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<p style="text-align: right;">Page 2</p> <p>1 PUBLIC MEETING BEFORE THE CITIZENS CLEAN 2 ELECTIONS COMMISSION convened at 9:31 a.m. on February 3 27, 2020, at the State of Arizona, Clean Elections 4 Commission, 1616 West Adams, Conference Room, Phoenix, 5 Arizona, in the presence of the following Board 6 Members: 7 Mr. Galen D. Paton, Chairperson 8 Mr. Steven M. Titla 9 Mr. Damien R. Meyer 10 Mr. Mark S. Kimble 11 Ms. Amy B. Chan 12 13 OTHERS PRESENT: 14 Thomas M. Collins, Executive Director 15 Paula Thomas, Executive Officer 16 Gina Roberts, Voter Education Director 17 Mike Becker, Policy Director 18 Alec Shaffer, Web Content Manager 19 Avery Oliver, Voter Education Specialist 20 Julian Arndt, Executive Support Specialist 21 Kara Karlson, Assistant Attorney General 22 Rivko Know, Ariona League of Women Voters 23 Joel Edman, Arizona Advocacy Network 24 Travis Huber, Arizona Advocacy Network 25 Bailey Mills, RIESTER Maria Dillan, RIESTER</p>	<p style="text-align: right;">Page 4</p> <p>09:32:18-09:32:47</p> <p>1 sorry. 2 MR. COLLINS: I'm getting better, but not 3 perfect. 4 CHAIRMAN PATON: Tom messed up. 5 MR. COLLINS: I know. This is the second 6 time; there won't be a third time. 7 CHAIRMAN PATON: Tom. 8 COMMISSIONER CHAN: Mr. Chairman. 9 CHAIRMAN PATON: Yes. 10 COMMISSIONER CHAN: I move that we approve 11 the minutes of our January 23rd, 2020 meeting as 12 written. 13 CHAIRMAN PATON: Okay. We have a motion. Do 14 we have a second? 15 COMMISSIONER KIMBLE: Second. 16 CHAIRMAN PATON: We have a second, and we'll 17 call the roll. 18 Commissioner Chan. 19 COMMISSIONER CHAN: Aye. 20 CHAIRMAN PATON: Commissioner Kimble. 21 COMMISSIONER KIMBLE: Aye. 22 CHAIRMAN PATON: Commissioner Meyer. 23 COMMISSIONER MEYER: Aye. 24 CHAIRMAN PATON: Commissioner Titla. 25 COMMISSIONER TITLA: I abstain. I wasn't</p>
<p>09:31:27-09:32:18</p> <p style="text-align: right;">Page 3</p> <p>1 CHAIRMAN PATON: Good morning. It is 9:31, 2 past our time, January 23rd, and I call this meeting of 3 the Citizens Clean Elections Commission to order. And 4 I will call our roll, so if you'll answer. 5 Commissioner Chan, are you here? 6 COMMISSIONER CHAN: I'm here. 7 CHAIRMAN PATON: Commissioner Kimble. 8 COMMISSIONER KIMBLE: Here. 9 CHAIRMAN PATON: Commissioner Meyer. 10 COMMISSIONER MEYER: Here. 11 CHAIRMAN PATON: And Commissioner Titla, 12 welcome. 13 COMMISSIONER TITLA: Thank you. Here. 14 CHAIRMAN PATON: And I'm Galen Paton, the 15 Chairman, and I am here. 16 All right. Agenda II: Discussion and 17 possible action on Commission minutes for 18 December 12th, 2019 meeting. 19 MR. COLLINS: Oops, sorry. That's my 20 mistake. It's the January 23rd meeting. 21 COMMISSIONER CHAN: It would be the January 22 23rd, 2020. 23 CHAIRMAN PATON: Oh, Tom. 24 MR. COLLINS: Yeah, I know. 25 CHAIRMAN PATON: Okay. January 23rd. I'm</p>	<p>09:32:49-09:34:04</p> <p style="text-align: right;">Page 5</p> <p>1 here for the meeting. 2 CHAIRMAN PATON: Okay. And Chair votes aye. 3 Item III: Discussion and possible action on 4 Executive Director's Report and Legislative Report new 5 business. 6 Mr. Collins, you're on. 7 MR. COLLINS: Yes. Thank you, Mr. Chairman, 8 Commissioners. 9 I'm working on getting those dates updated, 10 but my cut and paste skills aren't what I thought they 11 were. 12 With respect to the Executive Director's 13 Report, obviously I want to highlight our continued 14 activities on voter education. We are in the process 15 of -- of putting together our primary debates. That 16 schedule is available now on the Clean Elections 17 website, and we've e-mailed candidates the 18 save-the-date notice. 19 Avery and I were in Santa Cruz County last 20 week to do a training with the Santa Cruz County 21 Election Director, Tara Hampton. We had a great 22 turnout of local candidates who are running for County 23 office, including three candidates for Santa Cruz 24 County Sheriff, two for County Attorney, two or three 25 for Board of Supervisors, and two for the County</p>

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<p>1 Recorder's Office itself. So I think that was a</p> <p>2 successful trip, and we really -- we really enjoyed</p> <p>3 being down there and getting to spend time with -- with</p> <p>4 the Santa Cruz County folks.</p> <p>5 COMMISSIONER CHAN: Mr. Chairman, Tom.</p> <p>6 MR. COLLINS: Yes.</p> <p>7 CHAIRMAN PATON: Yes, Commissioner Chan.</p> <p>8 COMMISSIONER CHAN: I just wanted to point</p> <p>9 out when I was reading this I noticed that it was local</p> <p>10 county candidates, and I just wanted to say that even</p> <p>11 though those are not candidates that we have</p> <p>12 jurisdiction over, I really appreciate the fact that</p> <p>13 you guys are still doing outreach with those counties.</p> <p>14 And I think that it's really important and we still</p> <p>15 have something, obviously, that we can offer, if those</p> <p>16 election directors are reaching out to us, and</p> <p>17 especially it sounds like it went really well with</p> <p>18 those candidates, so --</p> <p>19 MR. COLLINS: Yeah.</p> <p>20 COMMISSIONER CHAN: -- that's excellent.</p> <p>21 MR. COLLINS: Thank you. Thank you.</p> <p>22 Mr. Chairman, Commissioners, just continuing,</p> <p>23 obviously we've -- we've got both -- two elections in</p> <p>24 the next -- coming up between now and the next meeting.</p> <p>25 One is a local election on March 10th, which affects</p>	<p>1 and local community members. And I think that Avery is</p> <p>2 getting more requests generated from his -- his visits.</p> <p>3 I also want to thank Commissioner --</p> <p>4 Commissioner Chan for participating in the 2020 Arizona</p> <p>5 election law CLE, which -- on the panel on campaign</p> <p>6 finance, which I think was successful.</p> <p>7 I want to get into some matters that are a</p> <p>8 little more -- that take a little more detail. And I</p> <p>9 apologize, if you'll indulge me. The first issue I</p> <p>10 want to -- I want to -- you know, we have two cases</p> <p>11 that directly involve us that are outstanding. One,</p> <p>12 the Legacy Foundation Action Fund case, which I don't</p> <p>13 think I need to get into. In the case of Arizona</p> <p>14 Advocacy Network v State, the briefing is basically</p> <p>15 complete and we're awaiting an oral argument date.</p> <p>16 With respect to the case of State ex rel</p> <p>17 Brnovich versus Arizona Board of Regents, which we have</p> <p>18 discussed in front of the Commission many times and</p> <p>19 that we've had on our Executive Director's Report for</p> <p>20 the past few months, the bullet points there outline</p> <p>21 the basics. Although the case is nominally about</p> <p>22 whether or not the Board of Regents' process for</p> <p>23 tuition setting is consistent with the Arizona's</p> <p>24 Constitution's mandates related to that, the AG's</p> <p>25 Office, in my reading of the -- of the case as it now</p>		
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<p>1 the City of Douglas, the City of Tempe, and the City of</p> <p>2 Chandler. And then of course, the big -- bigger</p> <p>3 undertaking, that all State and County officials are --</p> <p>4 are working on, which is the presidential preference</p> <p>5 election.</p> <p>6 I just want to reiterate and ask you to</p> <p>7 reiterate this, if you can, to your friends and family,</p> <p>8 that only registered members of the Democratic party</p> <p>9 may participate in that election, and they would have</p> <p>10 had to have been registered by February 18th. So -- so</p> <p>11 if you are a no party or a Republican or a Libertarian,</p> <p>12 we would -- whatever your frustrations are, it does not</p> <p>13 help the process and the processing of election -- of</p> <p>14 ballots and the results to -- to appear.</p> <p>15 And so as a matter of community service,</p> <p>16 frankly, given the law is what it is, we really just</p> <p>17 want to stress and have stressed, as have all of the --</p> <p>18 both everyone from the League of Women Voters to the</p> <p>19 Secretary of State's office, you know, has been</p> <p>20 stressing that this is a Democratic party election.</p> <p>21 I don't think I need to gainsay that Avery</p> <p>22 has been continuing to blanket the state and Valley as</p> <p>23 part of our outreach efforts. That's -- that's really</p> <p>24 been great, and I think is yielding some real good</p> <p>25 contacts and authentic interactions between our offices</p>	<p>1 stands, and based on the concurrence in the Court of</p> <p>2 Appeals, is that the -- the major issue, potentially,</p> <p>3 has become whether or not a case known as McFate will</p> <p>4 be overruled.</p> <p>5 McFate stands for the proposition that under</p> <p>6 the statute it construed the Attorney General does not</p> <p>7 have a sort of free-standing right to sue State</p> <p>8 agencies that, in his or her view, are violating</p> <p>9 some -- some law. Were that case overturned, after 60</p> <p>10 years with both the case and the statute having been</p> <p>11 unchanged, it would have very clear implications for</p> <p>12 all executive branch agencies. Nevertheless --</p> <p>13 So as part of my effort to provide the</p> <p>14 Commission and Commissioners the opportunity to</p> <p>15 contemplate whether or not to enter into this issue --</p> <p>16 this case as a -- as an amicus, in theory on the side</p> <p>17 of -- of the Board of Regents on the McFate issue, I</p> <p>18 did request outside counsel from the Attorney General's</p> <p>19 Office.</p> <p>20 Before I get into the details of this, I</p> <p>21 wanted to first just ask the indulgence of the Attorney</p> <p>22 General's Office, if they later review or -- this tape</p> <p>23 or the written transcript, to allow me to discuss some</p> <p>24 of the ramifications of Eryn McCarthy's e-mail without</p> <p>25 taking any precipitous action.</p>		

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<p>1 This is an issue now between the Commission</p> <p>2 and the Attorney General's Office; it's not between the</p> <p>3 Executive Director's Office and the Attorney General's</p> <p>4 Office. This is a legal issue, but it's not a legal</p> <p>5 issue about legal advice; it's a legal issue between a</p> <p>6 law firm that has withdrawn from our representation</p> <p>7 and, at the same time, has declared that we ought not</p> <p>8 have access to outside counsel.</p> <p>9 As is apparent from the terms of</p> <p>10 Ms. McCarthy's e-mail, the AG, after declaring -- the</p> <p>11 AG's Office, I should say, after declaring a conflict,</p> <p>12 administratively barred the Commission from</p> <p>13 contemplating an amicus brief with outside counsel in</p> <p>14 the appropriate confidential context, and substituted</p> <p>15 the Attorney General's Office judgment for any</p> <p>16 judgment, including the Elections Commission, might</p> <p>17 have made, but had not yet made.</p> <p>18 Two, there are consequences associated with</p> <p>19 Eryn McCarthy's e-mail that are not encompassed in</p> <p>20 Ms. McCarthy's e-mail. When the Attorney General says,</p> <p>21 you may not use public resources for something that</p> <p>22 includes an implicit -- and, frankly, the statute's</p> <p>23 explicit -- potential of personal civil and criminal</p> <p>24 penalties -- those of us who were here when the</p> <p>25 Goldwater Institute sued the Commissioners and Staff</p>		<p>1 made about why overruling McFate was problematic -- is</p> <p>2 problematic were not greeted with particular joy by the</p> <p>3 Attorney General's Office.</p> <p>4 But that having been said, I think it's a</p> <p>5 question for the Attorney General's Office what the</p> <p>6 scope of this issue is. And I think that I certainly</p> <p>7 could take a direction to try to arrange to have the</p> <p>8 Attorney General's Office here, with an appropriate</p> <p>9 representative, at the next meeting, with one caveat:</p> <p>10 This is not an issue -- attorney-client issue that</p> <p>11 should be in executive session. This is an</p> <p>12 administrative dispute that under no circumstances is</p> <p>13 appropriate for an executive session.</p> <p>14 COMMISSIONER CHAN: Mr. Chairman.</p> <p>15 CHAIRMAN PATON: Yes, go ahead.</p> <p>16 COMMISSIONER CHAN: Tom, a few points that I</p> <p>17 wanted to raise, and maybe you can elaborate or correct</p> <p>18 me if I'm wrong. First of all, what you're saying is</p> <p>19 that the Attorney General cannot represent us in this</p> <p>20 case because there is a conflict; is that correct?</p> <p>21 MR. COLLINS: The Attorney General, in fact</p> <p>22 -- the Attorney General's Office, I should say, made</p> <p>23 that -- directly informed us that there is a -- that</p> <p>24 there is a conflict, correct.</p> <p>25 COMMISSIONER CHAN: Okay. So when the</p>	
09:41:52-09:43:24	Page 11	09:44:45-09:45:59	Page 13
<p>1 personally over their objections to our voter education</p> <p>2 program will recall that.</p> <p>3 Third, this is, frankly, of a piece with</p> <p>4 prior actions of the Attorney General's Office, where,</p> <p>5 for example, it leveraged a conflict between Secretary</p> <p>6 Reagan and the Commission over Commission rules to have</p> <p>7 its then chief deputy come before the Commission and</p> <p>8 object to those rules and provide legal analysis</p> <p>9 against those rules in -- in front of the Commission.</p> <p>10 So because of all of those things, I think</p> <p>11 this raises some serious issues that we will have to</p> <p>12 address at some point. I'm happy to take questions on</p> <p>13 this matter now, if anyone has any.</p> <p>14 CHAIRMAN PATON: Any questions?</p> <p>15 COMMISSIONER KIMBLE: Mr. Chairman.</p> <p>16 CHAIRMAN PATON: Yes.</p> <p>17 COMMISSIONER KIMBLE: So is it a problem with</p> <p>18 this specific case at this point, or is it a problem</p> <p>19 that you're concerned about for the future?</p> <p>20 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>21 Kimble, it's not clear to me. If this was the first</p> <p>22 instance in which we had had this Attorney General's</p> <p>23 Office leverage its conflicts to take administrative</p> <p>24 advantage of them, I would say it's a one-off. I can</p> <p>25 certainly tell you that public comments that I have</p>		<p>1 Attorney General has a conflict and cannot represent</p> <p>2 us, is there not a statute that provides, when we need</p> <p>3 counsel in a case like that, they shall provide that we</p> <p>4 can have outside counsel?</p> <p>5 MR. COLLINS: That -- Mr. Chairman,</p> <p>6 Commissioner Chan, that had been my understanding.</p> <p>7 COMMISSIONER CHAN: Is there -- is there</p> <p>8 still a question about that? Is that kind of an open</p> <p>9 question or...</p> <p>10 MR. COLLINS: Honestly, because this is an</p> <p>11 administrative decision by the Attorney General's</p> <p>12 Office, what authority they're operating under is</p> <p>13 something that they have -- I mean, there's nothing in</p> <p>14 Ms. McCarthy's -- and I should be clear. I don't think</p> <p>15 that Ms. McCarthy necessarily drafted that e-mail on</p> <p>16 her own. But regardless, just the McCarthy e-mail does</p> <p>17 not really, I don't think, explain what the basis is.</p> <p>18 I guess there's an argument that says that</p> <p>19 since this is part of the way the procurement law</p> <p>20 works, perhaps they have an administrative hole card.</p> <p>21 Certainly they've -- certainly that's -- that's the</p> <p>22 impression I have. But that would be a -- we'd be</p> <p>23 better served asking that question directly.</p> <p>24 COMMISSIONER CHAN: Okay. Mr. Chairman, Tom,</p> <p>25 I would just say that, based on my previous experience</p>	

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<p>1 as a public employee at the Secretary of State's</p> <p>2 Office, admittedly more than half a decade ago, when we</p> <p>3 had to obtain outside counsel there was no procurement</p> <p>4 process. If there was a conflict, there was a list of</p> <p>5 approved attorneys who we could hire from. We would</p> <p>6 choose which attorney, we would hire an attorney. It</p> <p>7 was not a big deal, that was that.</p> <p>8 So I'm -- I'm troubled by the e-mail. And</p> <p>9 perhaps Ms. McCarthy is kind of the bagman here, the</p> <p>10 messenger, but I am troubled. And especially, you</p> <p>11 know, as Tom reminds us, that the way she has worded it</p> <p>12 is especially troubling, that she is saying it would</p> <p>13 not be appropriate for this office to approve the</p> <p>14 expenditure of public monies on behalf of a State</p> <p>15 agency to insert itself in a matter.</p> <p>16 For example, the AG has taken it upon himself</p> <p>17 to do something that is not specifically authorized by</p> <p>18 statute. He is taking up a case, that is basically not</p> <p>19 authorized by law, to try to get approval -- new law</p> <p>20 approved by the Supreme Court of this state. It's kind</p> <p>21 of a power grab.</p> <p>22 Now, it may be approved by the Supreme Court.</p> <p>23 But as a State agency, I believe that we have an</p> <p>24 argument to make that that's not good policy. I don't</p> <p>25 think it's good policy as a taxpayer. I think that</p>		<p>1 Mr. Chairman, and I don't know if Tom needs us to do</p> <p>2 anything more official. But I would just say, you</p> <p>3 know, for the Attorney General, who is nominally our</p> <p>4 lawyer, and obviously not in this case, now that we</p> <p>5 have a conflict, to leave us in the lurch like this is,</p> <p>6 I don't want to say unethical, but that's kind of the</p> <p>7 only word I'm left with.</p> <p>8 And I -- I feel very awkward saying this in</p> <p>9 front of Kara, because she is extremely ethical and a</p> <p>10 very capable lawyer and I leave her out of this</p> <p>11 entirely, other than to say I feel extremely bad even</p> <p>12 talking about the big boss in front of her like this.</p> <p>13 MR. COLLINS: Commissioner Chan -- yeah.</p> <p>14 Mr. Chairman, Commissioner Chan, no, I think that I</p> <p>15 have -- throughout this process I think -- I think</p> <p>16 Ms. Karlson understands the respect that the Staff and</p> <p>17 Commission have for her work.</p> <p>18 COMMISSIONER TITLA: Chairman.</p> <p>19 CHAIRMAN PATON: Yes, Mr. Titla.</p> <p>20 COMMISSIONER TITLA: Mr. Collins, so to -- to</p> <p>21 understand this more, so the Attorney General is saying</p> <p>22 that he has a conflict of interest and cannot represent</p> <p>23 us?</p> <p>24 MR. COLLINS: That's correct.</p> <p>25 Mr. Chairman --</p>	
09:47:28-09:48:11	Page 15	09:49:33-09:50:42	Page 17
<p>1 there are times that the legislature has said the AG</p> <p>2 can do these things, and that's appropriate. I don't</p> <p>3 think it's a good idea to have an AG that can just</p> <p>4 willy-nilly sue State agencies. And I say this knowing</p> <p>5 that I personally think that the Regents charge too</p> <p>6 much tuition. So I'm aligned with the AG in that</p> <p>7 argument, that this case --</p> <p>8 That's the case that he's --</p> <p>9 MR. COLLINS: Correct.</p> <p>10 COMMISSIONER CHAN: -- suing on, right?</p> <p>11 Okay. I just wanted to make sure I -- I don't have my</p> <p>12 cases mixed up.</p> <p>13 So it's -- it's kind of ironic that I agree</p> <p>14 with the AG in what he's doing in this case, but I</p> <p>15 think he's going about it the wrong way. He should</p> <p>16 have found a plaintiff.</p> <p>17 CHAIRMAN PATON: Or --</p> <p>18 COMMISSIONER CHAN: Anyway --</p> <p>19 CHAIRMAN PATON: Or a private party --</p> <p>20 COMMISSIONER CHAN: Right, right.</p> <p>21 CHAIRMAN PATON: -- should be suing.</p> <p>22 COMMISSIONER CHAN: Exactly. There could</p> <p>23 have been a private party found.</p> <p>24 So having said all that, I'm extremely</p> <p>25 troubled by this. And Tom, for my part --</p>		<p>1 COMMISSIONER TITLA: Then as we request</p> <p>2 outside counsel, he says no to that also?</p> <p>3 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>4 Titla, one slight nuance to that. And this is -- there</p> <p>5 was a --</p> <p>6 MS. THOMAS: Speak a little louder, please.</p> <p>7 MR. COLLINS: I'm sorry.</p> <p>8 There was an initial e-mail, which is in your</p> <p>9 materials. Subsequent to that e-mail, I was informed</p> <p>10 that there was a conflict. And subsequent to that</p> <p>11 e-mail, I was given direction on how to request outside</p> <p>12 counsel, and I did. So that second e-mail is included</p> <p>13 in your materials.</p> <p>14 So as I read the e-mail, it denies any</p> <p>15 request I made. It says that if the Commission were to</p> <p>16 make a request in its own name, it would also be</p> <p>17 denied. I think that's -- I think that's -- I don't</p> <p>18 think -- I don't think there's any -- I don't think</p> <p>19 it's ambiguous about that.</p> <p>20 COMMISSIONER TITLA: Yeah. I'm concerned</p> <p>21 about this issue with the Attorney General. Because</p> <p>22 the Clean Elections Commission is, you know, a voter</p> <p>23 initiative by the citizens of the state of Arizona. So</p> <p>24 we, as Commissioners of Clean Elections, we represent</p> <p>25 the citizens of Arizona. And the people of Arizona</p>	

09:50:46-09:52:04	Page 18	09:53:40-09:55:37	Page 20
<p>1 declared, in their intent and the findings and</p> <p>2 declaration of the clean elections law, that they would</p> <p>3 encourage citizen participation in the political</p> <p>4 process.</p> <p>5 And they found the -- that the people of</p> <p>6 Arizona find that our current election financing system</p> <p>7 effectively suppresses the voices and influences of the</p> <p>8 vast majority of Arizona citizens in favor of a small</p> <p>9 number of wealthy special interests, and also that it</p> <p>10 undermines public confidence in the integrity of public</p> <p>11 officials. I think that those findings are at play</p> <p>12 here.</p> <p>13 If we represent the citizens of Arizona, and</p> <p>14 we cannot go forward on the litigation matters and we</p> <p>15 represent the State of Arizona -- I mean, the citizens,</p> <p>16 and the citizens have initiated the clean election</p> <p>17 initiative for more citizen participation and that --</p> <p>18 saying that our voices should not be suppressed and</p> <p>19 that this undermines public confidence in the integrity</p> <p>20 of public officials, I think that that is at play here</p> <p>21 and I'm very concerned about that.</p> <p>22 I think the Attorney General's Office is in</p> <p>23 conflict itself. Aren't they in conflict themselves by</p> <p>24 saying that we cannot have outside counsel to represent</p> <p>25 us in this matter?</p>		<p>1 would the Attorney General's Office block payment to</p> <p>2 that law firm?</p> <p>3 MR. COLLINS: Mr. Chairman, Mr. --</p> <p>4 Commissioner Kimble, my advice, to the extent I can</p> <p>5 give it in the absence of a lawyer, is that the</p> <p>6 Commission would risk -- Commissioners would risk, and</p> <p>7 potentially Staff involved in the process would risk,</p> <p>8 penalties applied personally, as well as potential</p> <p>9 prosecution, from this Attorney General's Office if we</p> <p>10 were to proceed in that manner. And I would recommend</p> <p>11 against that under any circumstances.</p> <p>12 COMMISSIONER KIMBLE: So is it your</p> <p>13 recommendation that we accept this decision by the</p> <p>14 Attorney General's Office, at least at this point, and</p> <p>15 live to fight another day or -- or what?</p> <p>16 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>17 Kimble, my view is that nothing in Ms. McCarthy's</p> <p>18 e-mail bars individual Commissioners from joining</p> <p>19 amicus briefs that may be out there. I certainly</p> <p>20 don't have certain -- I do not have certainty about</p> <p>21 what or -- what will develop in that regard. However,</p> <p>22 I think if somebody else is writing something and a</p> <p>23 Commissioner was to sign onto it, I do not believe that</p> <p>24 would involve the use of public resources.</p> <p>25 Nevertheless, I am not your attorney.</p>	
09:52:06-09:53:36	Page 19	09:55:45-09:56:46	Page 21
<p>1 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>2 Titla, the way that -- the best way that I would</p> <p>3 respond, if I was the Attorney General's Office, would</p> <p>4 be to say it this way. The Attorney General's Office</p> <p>5 believes that, notwithstanding the fact that they are</p> <p>6 the law firm for State agencies, that they have</p> <p>7 authority to both be the exclusive representative of</p> <p>8 the Commission, or any State agency, and also,</p> <p>9 independent of that, make administrative decisions or,</p> <p>10 quote, unquote, policy decisions that may affect those</p> <p>11 agencies, and that there is no -- there is no way, in</p> <p>12 their view, conceptually, for those to be in conflict</p> <p>13 with one another.</p> <p>14 I personally, because they are a law firm and</p> <p>15 because they are mandated to be our law firm, have a --</p> <p>16 and we are in this relationship forever together --</p> <p>17 have a difficult time reconciling those in view of</p> <p>18 underlying principles of legal -- of just professional</p> <p>19 relationships between attorneys, their law firms, and</p> <p>20 their clients.</p> <p>21 COMMISSIONER KIMBLE: Mr. Chairman.</p> <p>22 CHAIRMAN PATON: Yes.</p> <p>23 COMMISSIONER KIMBLE: So Mr. Collins, is it</p> <p>24 your understanding that -- if we decide to go ahead and</p> <p>25 hire an outside law firm, what would happen? Would --</p>		<p>1 COMMISSIONER CHAN: Mr. Chairman.</p> <p>2 CHAIRMAN PATON: Yes.</p> <p>3 COMMISSIONER CHAN: Could we just ask that</p> <p>4 somebody from the AG's Office who could speak to this</p> <p>5 be here at the next meeting so that we can talk to them</p> <p>6 about this? This has left me with a very bad taste in</p> <p>7 my mouth regarding their representation, or lack</p> <p>8 thereof. They cannot leave us in the lurch like this</p> <p>9 with -- in no man's land with regard to representation.</p> <p>10 Either they represent us, or they don't; and if they</p> <p>11 don't, they need to allow us to make a determination</p> <p>12 whether we need counsel in certain cases. And if we</p> <p>13 do, and they do not represent us, then they cannot tell</p> <p>14 us we do not get to hire counsel. That is just the way</p> <p>15 it is.</p> <p>16 I mean, and especially telling us that we</p> <p>17 would be personally liable, that is just a nontenable</p> <p>18 position for them. And I would like to have somebody</p> <p>19 here who can actually look us in the face and tell us</p> <p>20 that that is the case. Because I -- I would be very</p> <p>21 surprised if somebody could be at that podium and tell</p> <p>22 us that that is actually the law.</p> <p>23 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>24 Chan, as I said, I think it's perfectly reasonable to</p> <p>25 ask someone from the Attorney General's Office to be</p>	

09:56:49-09:58:07	Page 22	09:59:12-10:00:30	Page 24
<p>1 here.</p> <p>2 With respect to the public -- to the</p> <p>3 liability issues, I want to make clear, that is based</p> <p>4 on my own experience defending this Commission and its</p> <p>5 Staff in actions over alleged, but later proven to be</p> <p>6 incorrect, assertions related to public resources.</p> <p>7 Nothing in Ms. McCarthy's e-mail says that. But</p> <p>8 because she is not our attorney, and because I'm not</p> <p>9 your attorney, I believe someone needs to say -- state</p> <p>10 the implication, which I know, because I have done that</p> <p>11 job for this body. So that's just to make that clear.</p> <p>12 What the AG would do in his or -- in his or</p> <p>13 her discretion is not something that I can speak to. I</p> <p>14 am only speaking to what the law says. So just to --</p> <p>15 just to -- just to be clear about that.</p> <p>16 I think the other meta conflict issue here</p> <p>17 that this raises is, I think you've identified it</p> <p>18 precisely, is we need an attorney to help us talk to</p> <p>19 our attorney. And I'm not sure how that request -- I'm</p> <p>20 happy to make that request, if you were direct -- if</p> <p>21 you were to direct me to do so. I do not know how that</p> <p>22 would be received. But I -- in fact, I think we</p> <p>23 might -- should. I mean, I don't know what -- what the</p> <p>24 consensus is here.</p> <p>25 CHAIRMAN PATON: So what do we need to do to</p>	<p>1 And I haven't been here at a meeting for the</p> <p>2 past few months, and I apologize for that, but my term</p> <p>3 has ended. But I understand that my term continues</p> <p>4 until somebody appoints somebody in my place, and</p> <p>5 that's okay.</p> <p>6 But the term that comes to mind initially is</p> <p>7 we're being bullied, and you cannot -- you have to</p> <p>8 stand up to bullies. That's my impression here. And</p> <p>9 we need to do something here and get an attorney;</p> <p>10 otherwise, we might be personally liable for who knows</p> <p>11 what. I don't know what. Thank you, Chairman.</p> <p>12 MR. COLLINS: Mr. Chairman, if I may, just</p> <p>13 to -- just to sort of -- there are some questions</p> <p>14 implicit in Commissioner Titla's statement.</p> <p>15 First, I'd like to commend Commissioner</p> <p>16 Titla for continuing to be involved with the</p> <p>17 Commission. We -- he was in the office not more than a</p> <p>18 couple of weeks ago, and we have been in communication</p> <p>19 with him throughout this period of time.</p> <p>20 I would also -- but I would say two things</p> <p>21 about that. With respect to the pro bono, again, I'm</p> <p>22 not your attorney, but as I read the procurement code,</p> <p>23 you can't simply go with someone who is free, to the</p> <p>24 exclusion of people who have competed and been accepted</p> <p>25 into a procurement. That's not how the procurement</p>		
09:58:10-09:59:09	Page 23	10:00:33-10:01:47	Page 25
<p>1 invite the Attorney General to send somebody?</p> <p>2 MR. COLLINS: Just write an e-mail.</p> <p>3 COMMISSIONER CHAN: So Mr. Chairman, maybe we</p> <p>4 could have Tom write an e-mail.</p> <p>5 And Tom, I just want to be clear. I -- I</p> <p>6 appreciate your cautious approach, I really do,</p> <p>7 because, you know, personal liability is not something</p> <p>8 to be trifled with. I'd rather err on the side of</p> <p>9 caution with that for all of us, so thank you.</p> <p>10 COMMISSIONER TITLA: Chairman.</p> <p>11 CHAIRMAN PATON: Commissioner Titla.</p> <p>12 COMMISSIONER TITLA: So if we have no</p> <p>13 attorney, then who is going to give us legal advice? I</p> <p>14 think before this, the Attorney General represented us,</p> <p>15 I think, and now they're out, so -- and they're saying,</p> <p>16 we're not going to give you any money to hire any</p> <p>17 attorneys. Attorneys are not free, I don't think. So</p> <p>18 unless we can do a request for a free attorney in the</p> <p>19 state of Arizona, see if somebody will represent us --</p> <p>20 so that way we're put in a, you know, crazy situation</p> <p>21 here.</p> <p>22 COMMISSIONER CHAN: I think --</p> <p>23 COMMISSIONER TITLA: We have no attorney. So</p> <p>24 I share the concerns of Commissioner Chan in that she</p> <p>25 used the word maybe this is unethical.</p>	<p>1 code works, in my view. That's my view.</p> <p>2 So what I would recommend at this point, and</p> <p>3 no vote is necessary, is simply that -- I think I have</p> <p>4 direction to contact the Attorney General's Office to</p> <p>5 have a representative here. I would also like</p> <p>6 direction from any Member or the Chairman to request</p> <p>7 outside counsel on the meta representation question</p> <p>8 that has been raised by these actions, unless -- unless</p> <p>9 anyone thinks that's a bad idea.</p> <p>10 CHAIRMAN PATON: I would just say -- I'm not</p> <p>11 an attorney here, but I would say if they came and told</p> <p>12 us what their -- you know, explained things to us, then</p> <p>13 we could make a more rational decision.</p> <p>14 MR. COLLINS: I agree.</p> <p>15 CHAIRMAN PATON: And then we could proceed</p> <p>16 from that point. If the rest of the Members agree or</p> <p>17 disagree, I guess you can say.</p> <p>18 COMMISSIONER MEYER: Mr. Chairman.</p> <p>19 CHAIRMAN PATON: Yes, Commissioner Meyer.</p> <p>20 COMMISSIONER MEYER: I have one question and</p> <p>21 one observation. And the question is: I see the</p> <p>22 e-mails we have here in our packet. It looks like</p> <p>23 there was an exchange. Tom sent an e-mail on</p> <p>24 February 12th, two e-mails, and there was two responses</p> <p>25 from the AG's Office. Is there -- are there any other</p>		

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<p>1 communications about this, whether they be verbal,</p> <p>2 meetings, anything else beyond these e-mails?</p> <p>3 And then the other -- I guess the observation</p> <p>4 is, in Tom's e-mail the deadline for filing an amicus</p> <p>5 brief is March 17th, which is, I believe, after the</p> <p>6 date of our next meeting. So -- so it could be too</p> <p>7 late to deal with that at that point.</p> <p>8 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>9 Meyer, I have answers to both those questions. As part</p> <p>10 of the process of the request, I initially, as you can</p> <p>11 see, sent the e-mail to Ms. Karlson related to the</p> <p>12 house bill that is referenced in the legislative</p> <p>13 session and to this particular issue.</p> <p>14 After that, there was a communication</p> <p>15 relating to how to -- that, yes, there was a conflict,</p> <p>16 and how to proceed to request -- that a request for</p> <p>17 outside counsel -- a more formal request for outside</p> <p>18 counsel would be necessary. That request is the e-mail</p> <p>19 from me to Kelly -- Kelly -- Kelly Gillilan-Gibson.</p> <p>20 That is because, as I learned from their e-mail and had</p> <p>21 been informed by Ms. Karlson, Ms. McCarthy was not in</p> <p>22 that week.</p> <p>23 So I followed the procedure I was given for</p> <p>24 the request. Why Ms. McCarthy chose not to</p> <p>25 acknowledge, let alone respond to, the formal request</p>	<p>1 of the actual request, it says, potential amicus brief.</p> <p>2 I do not understand, given that, why -- that's where we</p> <p>3 get into it. There was no decision, there was no --</p> <p>4 you know, I, as a matter of our ethics rules, am not</p> <p>5 permitted to make Commission decisions. And committing</p> <p>6 the Commission to an amicus brief is a Commission</p> <p>7 decision. We have had that discussion and decision</p> <p>8 pretermitted by our law firm. That's -- that's --</p> <p>9 that's that.</p> <p>10 So -- so I guess my point is, you know, we're</p> <p>11 not currently recommending one for -- for a variety of</p> <p>12 reasons, and I'm sure -- and timing may be one of them.</p> <p>13 But of course, we can, depending upon the seriousness</p> <p>14 with which the Commission wants to proceed, we can --</p> <p>15 we have the option to schedule special meetings and all</p> <p>16 that kind of stuff. That's all -- that's all -- you</p> <p>17 know, that's all fair game, so...</p> <p>18 CHAIRMAN PATON: So would anybody be against</p> <p>19 having the Attorney General send somebody to speak to</p> <p>20 us next meeting, and we could decide what to do after</p> <p>21 that meeting?</p> <p>22 COMMISSIONER KIMBLE: No.</p> <p>23 COMMISSIONER CHAN: No.</p> <p>24 COMMISSIONER TITLA: Chairman, if we do that,</p> <p>25 what's the time frame for filing any legal</p>		
10:03:22-10:04:44	Page 27	10:06:19-10:07:42	Page 29
<p>1 that I was asked to provide is a question I don't have</p> <p>2 the answer to, I think.</p> <p>3 And secondly, I have learned, in the last 24</p> <p>4 hours, from other parties interested in this matter,</p> <p>5 that the amicus deadline has been extended to</p> <p>6 March 30th. I don't know when our next meeting is, off</p> <p>7 the top of my head, but I think it's before then. But</p> <p>8 nevertheless, that would give us --</p> <p>9 COMMISSIONER MEYER: That's not a lot of</p> <p>10 time --</p> <p>11 MR. COLLINS: Right.</p> <p>12 COMMISSIONER MEYER: -- for a lawyer to get</p> <p>13 up to speed and draft a brief.</p> <p>14 MR. COLLINS: And to be honest, Mr. Chairman,</p> <p>15 Commissioner Meyer, the question of whether or not to</p> <p>16 actually do this is what's been pretermitted by the</p> <p>17 Attorney General's decision. That's part of the</p> <p>18 problem here. There's no -- the goal of counsel in</p> <p>19 this instance is to have a confidential setting in</p> <p>20 which the Commission can discuss the pros, cons, legal</p> <p>21 cons, pros, how to best articulate why the -- you know,</p> <p>22 the Commission's interest as an amicus, the</p> <p>23 Commission's viewpoint, and then whether to proceed at</p> <p>24 all.</p> <p>25 So I would say that if you read the heading</p>	<p>1 documentation in this potential case that we're talking</p> <p>2 about? Let's say we have a meeting next month, and the</p> <p>3 time frame is too short between that meeting and the</p> <p>4 date to file any documentation. If something is</p> <p>5 decided at our next meeting, and we have a green light</p> <p>6 to hire a firm to represent us, and the firm says,</p> <p>7 yeah, we recommend that you file something in this</p> <p>8 case, and there's only a short time frame between that</p> <p>9 period, then what do we do, you know? So we need to</p> <p>10 take the time under consideration, I think.</p> <p>11 CHAIRMAN PATON: Tom.</p> <p>12 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>13 Titla, the next meeting is March 26th. And as I said,</p> <p>14 my understanding is that the next -- that the amicus</p> <p>15 deadline is March 30th.</p> <p>16 So if the Commission is interested in</p> <p>17 contemplating, as a body, filing something, and</p> <p>18 requesting in some manner that the Attorney General</p> <p>19 discuss this with us, I guess I would have to recommend</p> <p>20 that we schedule an interim meeting.</p> <p>21 COMMISSIONER TITLA: Chairman, I recommend we</p> <p>22 have a special meeting, just so that, in the event that</p> <p>23 we have to go forward, that we have time to hire</p> <p>24 somebody and somebody can get the necessary</p> <p>25 documentation. But if it's only four days to get</p>		

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<p>1 ready, I don't think --</p> <p>2 CHAIRMAN PATON: Yeah.</p> <p>3 COMMISSIONER TITLA: -- they have time to do</p> <p>4 that.</p> <p>5 MR. COLLINS: I can -- I take that --</p> <p>6 Mr. Chairman, Commissioner Titla, I take that as a</p> <p>7 direction for me and Paula to work on getting an</p> <p>8 interim meeting set up, if that's -- if that's -- if</p> <p>9 I'm correct.</p> <p>10 CHAIRMAN PATON: Okay. Do we need to vote on</p> <p>11 that?</p> <p>12 MR. COLLINS: Absolutely not.</p> <p>13 CHAIRMAN PATON: And I have to say that, I</p> <p>14 mean, this case -- I mean, as Commissioner Chan, I</p> <p>15 think they charge too much for tuition myself too. I</p> <p>16 mean, I remember -- I'll date myself -- but I went to</p> <p>17 school at the University of Arizona at \$275 a semester.</p> <p>18 So the difference between \$275 a semester to 11,000 --</p> <p>19 I have a stepdaughter that goes there now -- is</p> <p>20 incredible. And I graduated in 1980, but it started</p> <p>21 out at 225 a semester, actually, in 1976. So -- so I</p> <p>22 think it's a good thing for him to challenge that. I'm</p> <p>23 kind of worried about getting embroiled in something</p> <p>24 that, for this case, I don't know how much standing we</p> <p>25 really have in it. It's down the road, I think, is the</p>	<p>1 bill passed out of the House on a party line vote.</p> <p>2 House Bill 2055 -- and here I want to take a</p> <p>3 moment and thank the League of Women Voters, and Rivko</p> <p>4 especially, for being our allies in this. We faced the</p> <p>5 possibility of going into this completely alone,</p> <p>6 because we had no support from anyone else publicly,</p> <p>7 but the League of Women Voters and Rivko's analysis</p> <p>8 helped us tremendously.</p> <p>9 On HB 2055 the goal is to notwithstanding all of</p> <p>10 the existing law and allow a judge to sentence, for</p> <p>11 lack of a better word -- better word, a person to a</p> <p>12 term of community restitution at \$10 an hour to pay off</p> <p>13 any civil fines or penalties. Civil fines and</p> <p>14 penalties are, at this point, because of legislative</p> <p>15 action, the vast majority of our revenue. In addition,</p> <p>16 the notwithstanding clause, applied to a</p> <p>17 voter-protected act, is the sine qua non of violating</p> <p>18 the Voter Protection Act.</p> <p>19 On this issue, the House Rules attorney did</p> <p>20 not agree with us, for reasons that are not entirely</p> <p>21 clear to me. But nevertheless, we are -- we have --</p> <p>22 that is one of the other matters alluded to where</p> <p>23 outside counsel was approved. That one, I think, is</p> <p>24 unfortunate. We would have -- we would have hoped we</p> <p>25 could have worked with the AG's office on that issue.</p>		
10:09:00-10:10:32	Page 31	10:12:00-10:13:42	Page 33
<p>1 problem, correct, Tom?</p> <p>2 MR. COLLINS: Mr. Chairman, I think that's --</p> <p>3 I think that's correct. And frankly, again, the entire</p> <p>4 purpose of requesting outside counsel is to contemplate</p> <p>5 that question. The Attorney General has arrogated,</p> <p>6 administratively, that decision to itself. That's the</p> <p>7 discussion that the Commission is -- ought to have been</p> <p>8 entitled to have in the proper context with</p> <p>9 conflict-free counsel; instead, we are not.</p> <p>10 CHAIRMAN PATON: Okay. So I guess we'll have</p> <p>11 a special meeting; you'll let us know when that is.</p> <p>12 MR. COLLINS: Yes. Yes, I will.</p> <p>13 And if I could just really quickly hit the</p> <p>14 rest of this report, unless there are other questions.</p> <p>15 CHAIRMAN PATON: Yeah. This was going to be</p> <p>16 short, I thought, Tom.</p> <p>17 MR. COLLINS: Well, you know, I should never</p> <p>18 say a thing.</p> <p>19 The two -- the two big legislative issues we</p> <p>20 have are HB 2054 and HB 2055. HB 2054 is a bill we saw</p> <p>21 last year where the Free Enterprise Club would like to</p> <p>22 add additional requirements to the Commission in terms</p> <p>23 of treating us like a licensing board, and they believe</p> <p>24 that Prop 306 authorizes this. The House Rules</p> <p>25 attorney disagrees with them; but nevertheless, the</p>	<p>1 But nevertheless, we -- we are opposed to post bills. We</p> <p>2 are trying to prevent them from getting a three-quarter</p> <p>3 vote. We -- we don't know yet what kind of -- you</p> <p>4 know, how this will play out. We are -- we are hopeful</p> <p>5 that we can do more work with the Senate, and that's</p> <p>6 where that is.</p> <p>7 So we did take the initiative in asking for</p> <p>8 counsel on this -- or, asking if we needed outside</p> <p>9 counsel on this, and then having it -- having outside</p> <p>10 counsel appointed, because we're not sure, honestly --</p> <p>11 we want to have guidance on what kind of facts and</p> <p>12 those kinds of things we need to be looking for.</p> <p>13 Because, you know, these are the kinds of actions that</p> <p>14 you often need to pull the trigger quickly on.</p> <p>15 Now, granted, I know there are other members</p> <p>16 of the community that recognize that this puts the</p> <p>17 Clean Elections funding source in jeopardy and violates</p> <p>18 the VPA. It's just that when it came to having -- when</p> <p>19 it came to convincing the -- most of the Democratic</p> <p>20 caucus to vote against this, you know, a large</p> <p>21 number of folks signed in from the League of Women</p> <p>22 Voters.</p> <p>23 Finally, on HB 2055 the policy does not match</p> <p>24 the law proposed. The purported policy is to allow</p> <p>25 people who are poor or indigent or otherwise to be able</p>		

10:13:47-10:15:17	Page 34	10:16:37-10:18:09	Page 36
<p>1 to, quote, work off their fine, rather than to pay it.</p> <p>2 And rather than helping, frankly -- and I -- and I say</p> <p>3 this as a former public defender who has worked with</p> <p>4 involved people before and worked with them on issues</p> <p>5 related to community service specifically. Community</p> <p>6 service involves people more in the criminal justice</p> <p>7 system, not less. Community service -- this bill does</p> <p>8 not set up an apparatus for what will have to be a new</p> <p>9 probation department, essentially, to monitor these</p> <p>10 folks.</p> <p>11 And third, it's a sentence, in a civil</p> <p>12 context, to work off something at \$10 an hour, which is</p> <p>13 below the minimum wage. So it's, frankly -- so it's --</p> <p>14 it's -- if you were a person who, as the sponsor notes,</p> <p>15 you know, is working two jobs and has kids and stuff,</p> <p>16 you are going to be sentenced to work for the State at</p> <p>17 \$10 an hour, without any regard for your transportation</p> <p>18 cost, your work, your inconsistent scheduling if you --</p> <p>19 or your gig economy job. So it is a law that by policy</p> <p>20 purports to help the poor, but, in fact, punishes the</p> <p>21 poor in favor of those who have easier access to cash.</p> <p>22 And so the policy and the law don't match at</p> <p>23 all. And that's something I have said to members of</p> <p>24 the legislature and would say to members of the</p> <p>25 community in favor of civil justice reform. I don't</p>		<p>1 things that we -- that, in your opinion, we ought to be</p> <p>2 involved in?</p> <p>3 MR. COLLINS: Mr. Chairman, Commissioner</p> <p>4 Kimble, sort of a two-part answer, of course, to that.</p> <p>5 First, I absolutely think it's within the Commission's</p> <p>6 charter to take positions on those matters.</p> <p>7 However, the perception of the Commission at</p> <p>8 the capitol, among both Republicans and moderate</p> <p>9 Democrats, continues to be, notwithstanding all</p> <p>10 evidence to the contrary, that the Commission is a</p> <p>11 lightning rod. And so my general sense is that</p> <p>12 advocates against restrictions on participation by</p> <p>13 voting would prefer the Commission stay away because of</p> <p>14 the potential for driving off moderate Republican votes</p> <p>15 they might be trying to seek.</p> <p>16 And so notwithstanding the fact the</p> <p>17 Commission has a voice and is the State's agency for</p> <p>18 purposes of voter education and promoting</p> <p>19 participation, the antipathy that we face at the</p> <p>20 legislature practically prevents us from acting in that</p> <p>21 way without potentially jeopardizing the very thing we</p> <p>22 seek to advance.</p> <p>23 COMMISSIONER KIMBLE: Well, it just seems --</p> <p>24 these bills, I know, are important to the League, as</p> <p>25 well as to many citizens. And the League has been</p>	
10:15:20-10:16:33	Page 35	10:18:13-10:19:39	Page 37
<p>1 have any problem with civil justice reform. I have a</p> <p>2 problem with civil justice reform that punishes the</p> <p>3 people that it's supposed to be helping. So that's</p> <p>4 that. That's just the last thing I think you needed to</p> <p>5 be absolutely aware of. And I guess with that, I'll --</p> <p>6 if you have any other questions...</p> <p>7 CHAIRMAN PATON: Any other questions by the</p> <p>8 Commissioners?</p> <p>9 COMMISSIONER KIMBLE: Mr. Chairman.</p> <p>10 CHAIRMAN PATON: Yes, Commissioner Kimble.</p> <p>11 COMMISSIONER KIMBLE: Mr. Collins, I know</p> <p>12 that we're mostly focused on bills here affecting the</p> <p>13 Commission, but part of our mission is to encourage</p> <p>14 citizen participation in the political process. And</p> <p>15 this year, as in a number of recent years, there's a</p> <p>16 number of bills that I wonder if we ought to be</p> <p>17 involved in that have to do with the initiative</p> <p>18 process, that have to do with early voting, that do not</p> <p>19 necessarily impact the Commission directly, but seems</p> <p>20 like our general charge to increase citizen</p> <p>21 participation would -- would argue against some of</p> <p>22 these -- some of these bills that make it more</p> <p>23 difficult for initiatives to be on the ballot, that</p> <p>24 make it more onerous for people to turn in an early</p> <p>25 ballot at a polling place on election day. Are those</p>		<p>1 helpful -- well, the League had a large role in setting</p> <p>2 up the Commission and -- and is very helpful in some of</p> <p>3 our legislation. And if we think we can be helpful in</p> <p>4 some other legislation that's important to them and is</p> <p>5 also important to the voters of Arizona, I hate to see</p> <p>6 us take a pass on it. But I think you make an</p> <p>7 interesting strategic point.</p> <p>8 COMMISSIONER TITLA: Chairman.</p> <p>9 CHAIRMAN PATON: Yes, Commissioner Titla.</p> <p>10 COMMISSIONER TITLA: Yeah, I share the views</p> <p>11 of my esteemed colleague, Commissioner. If these</p> <p>12 various actions -- the impact of these various actions</p> <p>13 go to suppress the vote of the people in the state of</p> <p>14 Arizona, and the people it's going to impact is the</p> <p>15 poor people. And these are going to be -- the first</p> <p>16 impact is going to be on the Native Americans in the</p> <p>17 state of Arizona, in the four corners of the state of</p> <p>18 Arizona, it's going to impact upon them. It's going to</p> <p>19 impact upon the Hispanic people in Arizona. It's going</p> <p>20 to impact upon the African American people in Arizona.</p> <p>21 It's going to impact upon the poor people in Arizona.</p> <p>22 And the ultimate aim may be to suppress that vote</p> <p>23 because you don't want them to vote, because if they</p> <p>24 vote all together then you're afraid your position in</p> <p>25 the state of Arizona legislature -- is that what the</p>	

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<p>1 aim of the supression of the vote is?</p> <p>2 And it is our charge under the law here, I'm</p> <p>3 reading the law, that we need to encourage citizen</p> <p>4 participation in the political process. And if these</p> <p>5 actions here discourage citizen participation in the</p> <p>6 political process by suppressing their vote, then I</p> <p>7 think that it behooves us, as Commissioners, to study</p> <p>8 this issue and decide at some meeting, with</p> <p>9 recommendation and maybe advice from attorneys, to see</p> <p>10 whether we should proceed onward and go ahead and study</p> <p>11 that to see whether we should take some action. Thank</p> <p>12 you.</p> <p>13 MR. COLLINS: Mr. Chairman, if I may.</p> <p>14 CHAIRMAN PATON: Yes, go ahead, Tom.</p> <p>15 MR. COLLINS: Mr. -- Commissioner Titla, one</p> <p>16 way that you all, as individuals, can register your</p> <p>17 views on these bills is by using the legislature's</p> <p>18 request to speak system, where you can do that --</p> <p>19 What? Oh, I'm sorry.</p> <p>20 So you as individuals can sign in on bills</p> <p>21 and you have about, what, I think 180 characters or</p> <p>22 something to express your view and your role. So we</p> <p>23 can put together -- how to do that is pretty easy, but</p> <p>24 as an interim -- as an interim decision, but certainly</p> <p>25 we can agendize this in the future.</p>		<p>1 his wisdom and experience, along with Mike and</p> <p>2 Justin --</p> <p>3 MR. COLLINS: Julian.</p> <p>4 COMMISSIONER CHAN: Julian, sorry. What is</p> <p>5 wrong with me today? Sorry about that.</p> <p>6 -- believe that our public support of a bill</p> <p>7 could damage support for the bill by the people that</p> <p>8 vote on it, I really would give deference to that</p> <p>9 opinion, because I would hate for our support to do</p> <p>10 that to something that's a valuable and good bill.</p> <p>11 Boy, that's sad, though. And I just --</p> <p>12 sometimes I think about it. I just have to say this.</p> <p>13 I think about it sometimes. You know, Clean Elections</p> <p>14 has been around, obviously, since 1998; I mean, that's</p> <p>15 when voters approved us. And what is going on that we</p> <p>16 are here in 2020 and there's so much bad blood by so</p> <p>17 many policymakers at the legislature and in the private</p> <p>18 sector? I really wish I could understand. I -- I</p> <p>19 don't understand it.</p> <p>20 And, I mean, I -- I may have fostered some</p> <p>21 bad feeling myself because, frankly, I'm just done</p> <p>22 being diplomatic about stuff. I'm tired of -- of the</p> <p>23 bad feelings and I'm tired of being diplomatic, because</p> <p>24 I think the time for that has passed. It's gone on too</p> <p>25 long, people have behaved badly to us, and I'm done</p>	
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<p>1 CHAIRMAN PATON: I would just caution, just</p> <p>2 as I did with the GRRC -- the GRRC mess, that the more</p> <p>3 that we're painted as being liberal left or whatever,</p> <p>4 the more hassles we get from -- I mean, even though I</p> <p>5 don't believe we are, we're painted that way. And if</p> <p>6 we want legislation to get through this legislature</p> <p>7 that we want, we have to pick our spots, I believe.</p> <p>8 And if we don't pick our spots, then we get GRRC</p> <p>9 embroiled in the middle of where they did that --</p> <p>10 that -- oh, what's the word?</p> <p>11 COMMISSIONER CHAN: 306.</p> <p>12 CHAIRMAN PATON: Yeah, where they got mad and</p> <p>13 did that, and then now a lot of our input is -- is</p> <p>14 messed up. So I would agree with Tom that we need to</p> <p>15 choose our battles.</p> <p>16 COMMISSIONER CHAN: Mr. Chairman, I was going</p> <p>17 to --</p> <p>18 CHAIRMAN PATON: Yes.</p> <p>19 COMMISSIONER CHAN: I was about to say the</p> <p>20 same thing. Even though I really value what</p> <p>21 Commissioners Kimble and Titla are saying, and I feel</p> <p>22 strongly also about access and about our mission,</p> <p>23 sadly, I think, when politics are at play, I do think</p> <p>24 sometimes discretion is the better part of value -- of</p> <p>25 valor. Sorry, I misspoke. And I think that if Tom, in</p>		<p>1 with it. And I should maybe try to be better myself.</p> <p>2 But I -- it's 2020; get over it, people. Like move on.</p> <p>3 We're here.</p> <p>4 And people are still trying to destroy Clean</p> <p>5 Elections, and for what? We have a great mission.</p> <p>6 We're doing great voter education. I mean, I look</p> <p>7 again -- I mean, I think I say this at every meeting</p> <p>8 now. But, I mean, I look at this amazing hole that I</p> <p>9 didn't even know existed in our voter education program</p> <p>10 that was already so robust. Avery is out there almost</p> <p>11 every day doing wonderful things with our community,</p> <p>12 pieces of our community that we weren't reaching out to</p> <p>13 before too. And that's incredible, and people don't</p> <p>14 seem to value that, policymakers.</p> <p>15 CHAIRMAN PATON: Well, that's -- we need to</p> <p>16 trumpet that stuff somehow --</p> <p>17 COMMISSIONER CHAN: Yeah.</p> <p>18 CHAIRMAN PATON: -- so it looks like we're --</p> <p>19 we're valuing voter education. And that's one of our</p> <p>20 charges, and that can hardly be seen as being one side</p> <p>21 or the other.</p> <p>22 COMMISSIONER CHAN: Thank you, Mr. Chairman.</p> <p>23 Well said.</p> <p>24 CHAIRMAN PATON: Any other questions for Tom?</p> <p>25 (No response.)</p>	

10:25:24-10:26:23	Page 42	10:27:51-10:29:01	Page 44
<p>1 CHAIRMAN PATON: Okay. Item IV: Discussion</p> <p>2 and possible action on the 2019 Annual Report.</p> <p>3 Mr. Collins, again, you're on.</p> <p>4 MR. COLLINS: Well, I'd like to turn the</p> <p>5 floor over to Julian Arndt, who's been putting this</p> <p>6 together for the past couple of weeks to present the</p> <p>7 2019 Annual Report, which we will file I guess Friday</p> <p>8 or Monday; I'm not sure. But anyways --</p> <p>9 CHAIRMAN PATON: And is this Julian's first</p> <p>10 time --</p> <p>11 MR. COLLINS: Yes.</p> <p>12 CHAIRMAN PATON: -- on parade?</p> <p>13 MR. COLLINS: Yes.</p> <p>14 CHAIRMAN PATON: Welcome.</p> <p>15 MR. ARNDT: Thank you.</p> <p>16 MR. COLLINS: We're going to have to get a</p> <p>17 higher podium.</p> <p>18 MR. ARNDT: Yeah, a little bit.</p> <p>19 CHAIRMAN PATON: It looks very uncomfortable.</p> <p>20 It's discrimination against tall people.</p> <p>21 MR. ARNDT: Is there a way to full screen</p> <p>22 this? No, I'm not even going to try. Oh, wait here.</p> <p>23 Does this do it? There we go, that's a little better.</p> <p>24 CHAIRMAN PATON: Is that guy you?</p> <p>25 MR. ARNDT: No.</p>	<p>1 And then we also continued our Take Flight</p> <p>2 campaign, election, continually updating information on</p> <p>3 the web page, grassroots outreach, which everybody</p> <p>4 knows Avery has been all over the place, continuing</p> <p>5 candidate training, and updating our website and social</p> <p>6 media.</p> <p>7 If we move on. So We the Voters conference,</p> <p>8 like I said, it was the first event I have been a part</p> <p>9 of, and just wanted to highlight that. I think it was</p> <p>10 a really great step in the right direction. But</p> <p>11 basically the point of it was in order to educate</p> <p>12 voters on how to participate in the 2020 elections.</p> <p>13 Topics included: An overview of kind of the statewide</p> <p>14 elections; what's going to be on the ballot; how the</p> <p>15 media plays a role; how to take part and how to</p> <p>16 participate. Also, my favorite was probably the data</p> <p>17 analytics, one, I wish I could have watched the whole</p> <p>18 thing. But that one was really good, and I hope we do</p> <p>19 that again next year.</p> <p>20 And then on to election information. We're</p> <p>21 continually updating the website with informations on</p> <p>22 elections, deadlines, how to get the ballot. What's</p> <p>23 mainly on there right now is discussing the PPE and how</p> <p>24 citizens and voters can participate in that. And we</p> <p>25 often supplement these election information web pages</p>		
10:26:27-10:27:51	Page 43	10:29:05-10:30:20	Page 45
<p>1 Okay. So -- well, good morning, Chairman,</p> <p>2 Commissioners. My name is Julian, for those of you who</p> <p>3 I haven't met and have met. I'm going to be giving the</p> <p>4 2019 Annual Report.</p> <p>5 I just chose this picture because this was</p> <p>6 from our We the Voters conference, and I thought it was</p> <p>7 just one great picture and that it kind of encapsulates</p> <p>8 what we're trying to do here with getting everybody</p> <p>9 involved in the process from all walks of life.</p> <p>10 And if you move on, this page just says we're</p> <p>11 submitting our Annual Report that we have to do every</p> <p>12 year. We have the table of contents here that we'll be</p> <p>13 going through. And this is just our letter to the</p> <p>14 Governor saying, here is our Annual Report.</p> <p>15 So the first page is going to be voter and</p> <p>16 public education, which, just to give an overview, we</p> <p>17 have -- did the We the Voters conference this year,</p> <p>18 which we've talked about quite a bit. But that was</p> <p>19 really my first event here at the Commission, and I</p> <p>20 know it's something that everybody on Staff, especially</p> <p>21 Gina, worked very hard on. And I just wanted to</p> <p>22 highlight, because it really -- I think the idea behind</p> <p>23 it was to be an open forum between voters and election</p> <p>24 officials, and I think it really accomplished that job</p> <p>25 very well.</p>	<p>1 with voter education tools, like videos and</p> <p>2 infographics, bonds and override questions. I know Tom</p> <p>3 did, and it turned out really great.</p> <p>4 So on to our Take Flight campaign. You all</p> <p>5 know a lot about this, I'm sure. But just to</p> <p>6 highlight, we did see 1,435 users register using this</p> <p>7 this year. And I did the math; that's about four</p> <p>8 people every single day that walked by it and actually</p> <p>9 to take a look at it, pull out their phones, and</p> <p>10 register to vote using it. So I think that's really</p> <p>11 great.</p> <p>12 And we also developed a pop-up, which you can</p> <p>13 see in the picture there, version of the wings, that we</p> <p>14 can bring to events. I'm pretty sure it just lives in</p> <p>15 Avery's car now.</p> <p>16 And we have -- on to achievements. We were</p> <p>17 actually nationally recognized for that Take Flight --</p> <p>18 Take Flight campaign by PR Week. We won best in public</p> <p>19 sector for a marketing campaign. We beat out the CDC,</p> <p>20 Procter &amp; Gamble, Ogilvy, I don't even know how to say</p> <p>21 that, but they're 70-year-old campaign --</p> <p>22 COMMISSIONER CHAN: Ogilvy.</p> <p>23 MR. ARNDT: Ogilvy. 70-year-old campaign</p> <p>24 agency --</p> <p>25 COMMISSIONER CHAN: Because I'm older than</p>		

10:30:23-10:31:26	Page 46	10:32:16-10:33:09	Page 48
<p>1 you.</p> <p>2 MR. ARNDT: Yes, but -- yeah. They've been</p> <p>3 doing this for a while, so it's pretty great we could</p> <p>4 beat them on that.</p> <p>5 And even one judge, when they were discussing</p> <p>6 it, said, you know, it brought amazing creativity, a</p> <p>7 focused message to the target audience, and it really</p> <p>8 makes an impact. And I think you can see that in the</p> <p>9 numbers.</p> <p>10 And grass roots outreach. Once again, you</p> <p>11 know, we have an ongoing effort to increase outreach to</p> <p>12 Arizona voters.</p> <p>13 Picture there, we were at a national voter</p> <p>14 registration day at ASU. And we do tons of those</p> <p>15 events -- well, Avery does tons of those events and</p> <p>16 registration drives across the county.</p> <p>17 And we also -- in the next picture you can</p> <p>18 see the Pinal County Recorders, we partnered with them</p> <p>19 to create the first ever Arizona mobile outreach --</p> <p>20 voter outreach van. And this is going to be mainly</p> <p>21 hoping to reach voters in rural parts of Arizona, just</p> <p>22 hosting early events and register voters and more.</p> <p>23 COMMISSIONER CHAN: Can I ask a quick</p> <p>24 question, Mr. Chairman and Julian?</p> <p>25 CHAIRMAN PATON: Yes, go ahead.</p>		<p>1 getting this to work. She worked with the Pinal County</p> <p>2 Board of Supervisors to ensure that they could get the</p> <p>3 funding. And she had a lot of stakeholders involved to</p> <p>4 make this work, from their fleet department -- it was</p> <p>5 just a lot of -- a lot of puzzle pieces that she put</p> <p>6 together.</p> <p>7 And we were very honored that she reached out</p> <p>8 to Clean Elections to -- to partner with them on this</p> <p>9 project and to support them in helping to get this out</p> <p>10 into the community, just because it's a great service</p> <p>11 to talk about bringing voting to voters. This is --</p> <p>12 what better way to do it. But yes, we have heard a lot</p> <p>13 of input from other counties that this is something</p> <p>14 that they would like to see happen for them.</p> <p>15 COMMISSIONER CHAN: Thank you.</p> <p>16 MR. ARNDT: Thank you.</p> <p>17 COMMISSIONER CHAN: Sorry to interrupt,</p> <p>18 Julian.</p> <p>19 MR. ARNDT: No, thank you.</p> <p>20 And then on to the -- that's just a snapshot</p> <p>21 of outreach events, but you guys have been briefed on a</p> <p>22 list longer than that every single month from stuff</p> <p>23 that's been going on.</p> <p>24 And if we go to the next one here, training</p> <p>25 and guides. I mean, we're just continuing our</p>	
10:31:28-10:32:11	Page 47	10:33:11-10:34:29	Page 49
<p>1 COMMISSIONER CHAN: Did any other counties</p> <p>2 have interest in doing that? I mean, has that worked</p> <p>3 well for Pinal?</p> <p>4 MR. ARNDT: Well, Chairman, Commissioner, I</p> <p>5 don't -- I don't know the answer to that. I'd have</p> <p>6 to --</p> <p>7 COMMISSIONER CHAN: Oh, okay.</p> <p>8 MR. ARNDT: -- defer to Gina on that one.</p> <p>9 COMMISSIONER CHAN: I was just curious if --</p> <p>10 because it was such a fabulous, creative idea. And now</p> <p>11 that they've rolled it out, I wondered what their</p> <p>12 experience has been and if any other counties were</p> <p>13 interested.</p> <p>14 MS. ROBERTS: Mr. Chairman, Commissioner</p> <p>15 Chan, my understanding is, yes, a lot of the counties</p> <p>16 have been quite interested. When we did the public</p> <p>17 unveiling, the launch for the van, several counties</p> <p>18 from across the state did have representatives to come</p> <p>19 down and see it. The Secretary of State herself came</p> <p>20 down. And yes, I've heard great things from other</p> <p>21 counties that that is something that they would like to</p> <p>22 do.</p> <p>23 Pinal County -- the Pinal County Recorder,</p> <p>24 yeah, I would like to commend her, Virginia Ross, she</p> <p>25 really took a lot of initiative and creativity into</p>		<p>1 trainings with the candidates in order to keep them up</p> <p>2 to date on new procedures, rules, and just how to run</p> <p>3 as a Clean Elections candidate and more.</p> <p>4 And if you go to website and social media.</p> <p>5 So if you look at the off years here, 2019 and 2017,</p> <p>6 since we didn't have elections that year, was a little</p> <p>7 bit lower. But you can see the comparison. I mean, we</p> <p>8 had -- on the page views there, we had triple the</p> <p>9 amount of people coming to our website and looking.</p> <p>10 So, I mean, I think that's great news. Especially when</p> <p>11 nothing is going on, you have, you know, over a quarter</p> <p>12 of a million people coming.</p> <p>13 And if you go to financial information. I'm</p> <p>14 not really going to get into the numbers here. It's</p> <p>15 all laid out for you, if you do want to take a look at</p> <p>16 it in there.</p> <p>17 And then enforcement and audits and</p> <p>18 litigation. In 2019 we did not conduct any audits;</p> <p>19 however, in 2020 we will be auditing every single</p> <p>20 participating candidate.</p> <p>21 And rulemaking and legislation. So in 2019</p> <p>22 the Commission began implementing Prop 306, which I'm</p> <p>23 sure you're very aware with by now. We have to go</p> <p>24 through GRRC on approval of our rules. And some of the</p> <p>25 rules that got amended in 2019 are listed down below</p>	

10:34:32-10:35:55	Page 50	10:37:02-10:37:54	Page 52
<p>1 there.</p> <p>2 And on to 2019 legislation. We just wanted</p> <p>3 to highlight specifically that we oppose efforts to</p> <p>4 defund, eliminate, or limit Clean Elections or amend or</p> <p>5 supersede the Act or divert funds from the Clean</p> <p>6 Elections fund without furthering the purpose of the</p> <p>7 Act or even having the required super majority vote.</p> <p>8 And additionally, we are continuing to</p> <p>9 monitor proposed legislation regarding current campaign</p> <p>10 and election laws and just supporting election law</p> <p>11 reforms. And also support improvements to voter</p> <p>12 education and access, which I think we've been doing</p> <p>13 quite well.</p> <p>14 And if we look forward to 2020, kind of our</p> <p>15 education plan is just to continue doing the voter</p> <p>16 education guide, hosting candidate debates, I know we</p> <p>17 just got those all scheduled, bringing out the</p> <p>18 candidate compass, continuing with the Take Flight</p> <p>19 campaign, ID at the polls tool, voter dashboard,</p> <p>20 updating website content, and keeping the mobile app</p> <p>21 running. I know -- I believe Avery just finished</p> <p>22 testing a new version of the app that we'll be</p> <p>23 releasing soon.</p> <p>24 And then kind of a plan preview. Obviously</p> <p>25 we have the PPE coming up, and that's been a big part</p>		<p>1 COMMISSIONER MEYER: On the 2019 YouTube</p> <p>2 views, is that accurate? That number is really low</p> <p>3 compared to the prior three years.</p> <p>4 MR. ARNDT: Yes. From what we were looking</p> <p>5 at, that should be accurate. We just didn't put out</p> <p>6 any new videos when this was taken, so it's only</p> <p>7 counting new views.</p> <p>8 COMMISSIONER MEYER: I gotcha. Okay.</p> <p>9 MR. ARNDT: Yeah.</p> <p>10 CHAIRMAN PATON: Any others?</p> <p>11 (No response.)</p> <p>12 CHAIRMAN PATON: Thank you for the report.</p> <p>13 It's very concise.</p> <p>14 COMMISSIONER TITLA: Mr. Chairman.</p> <p>15 CHAIRMAN PATON: Yes.</p> <p>16 COMMISSIONER TITLA: Thank you.</p> <p>17 Thank you for your report. Good job. Very</p> <p>18 comprehensive. And I'd like to thank you and the Staff</p> <p>19 for doing all the good work.</p> <p>20 I haven't been here for a while now, but I've</p> <p>21 been hearing about the Clean Elections Commission and</p> <p>22 all the voter education work you guys are doing. They</p> <p>23 asked me about the -- you know, all the campaigns that</p> <p>24 you guys are doing in the state, so that means that you</p> <p>25 guys are doing a good job by reaching out to the four</p>	
10:35:58-10:37:00	Page 51	10:37:58-10:39:10	Page 53
<p>1 of our job so far is just making people aware that if</p> <p>2 they did want to participate, they had to be registered</p> <p>3 as a Democrat, and making sure they know all the dates</p> <p>4 and answering anybody's questions.</p> <p>5 And for the election cycle and candidate</p> <p>6 information, candidates began collecting \$5 donations</p> <p>7 on August 1st of 2019; they have until July 28th of</p> <p>8 2020. And just those are the two races we're hosting</p> <p>9 right now, so anybody running for Corp Commission needs</p> <p>10 the minimum of 1,500, legislature requires 200. And I</p> <p>11 did want to note that we do kind of have a</p> <p>12 higher-than-average participation rate. Right now I</p> <p>13 think we currently have 58 candidates running.</p> <p>14 And the next pages are just Commissioners and</p> <p>15 Staff, we've got the bios of everybody. And you guys</p> <p>16 know each other pretty well, though, I'm sure.</p> <p>17 But that's my Annual Report. Thanks. Any</p> <p>18 questions?</p> <p>19 CHAIRMAN PATON: Any questions from the</p> <p>20 Commissioners?</p> <p>21 COMMISSIONER MEYER: Mr. Chairman.</p> <p>22 CHAIRMAN PATON: Yes, Commissioner Meyer.</p> <p>23 COMMISSIONER MEYER: Good morning. We</p> <p>24 haven't met yet, Julian. Thanks for the report.</p> <p>25 MR. ARNDT: Good morning.</p>		<p>1 corners of the state, and that's good.</p> <p>2 And I don't know whether you were here</p> <p>3 before, but I used to impress upon the Commission and</p> <p>4 the Staff that we need to reach throughout the state of</p> <p>5 Arizona to all the people, and that includes the Native</p> <p>6 Americans. Native American -- we have 22 tribes in</p> <p>7 Arizona with all reservations, all federal lands in the</p> <p>8 state of Arizona, and I said that we need to continue</p> <p>9 to reach out to them.</p> <p>10 And if you go in the north -- the northeast,</p> <p>11 you have the Navajo Nation out there. In the north you</p> <p>12 have the Hopi out there. And down this way you have</p> <p>13 the Apache Tribes. And then down south you have Tohono</p> <p>14 O'odham, Pascua, Yaqui. On the west side you have the</p> <p>15 Colorado River tribes. And in the northwest you have</p> <p>16 Fort Mohave. So all of them are tribes that we need to</p> <p>17 reach out to, because they vote and everything.</p> <p>18 And I think that if we had pictures in here</p> <p>19 that would signify that, I think that would be good.</p> <p>20 Also, as I mentioned earlier, the poor people, we need</p> <p>21 to put them in here also.</p> <p>22 Because our cover picture, while it is good,</p> <p>23 we have a youth, a young man here, and we have a</p> <p>24 farmer, it looks like, or ranchers on the page, and</p> <p>25 then we have a young Hispanic lady. But if we showed</p>	

10:39:16-10:40:18	Page 54	10:41:19-10:42:46	Page 56
<p>1 more diversity in those pictures, I think that would</p> <p>2 help whoever is reading this to show that we are</p> <p>3 reaching to all -- all those people out there.</p> <p>4 And so I commend you all for doing a good</p> <p>5 job, Avery and Gina and the Director and everybody</p> <p>6 here. Thank you, Chairman.</p> <p>7 CHAIRMAN PATON: Thank you.</p> <p>8 Anybody else?</p> <p>9 COMMISSIONER CHAN: Mr. Chairman, I just want</p> <p>10 to commend Julian for the work on the Annual Report. I</p> <p>11 think it's lovely.</p> <p>12 And I actually agree with Commissioner Titla,</p> <p>13 I think it is something we've overlooked is including,</p> <p>14 you know, the tribes in our Annual Report. And I think</p> <p>15 that would be beautiful to include them, because they</p> <p>16 have been overlooked. And we do outreach with them,</p> <p>17 and that probably would be a fabulous thing to remind</p> <p>18 people that are looking at our Annual Report as well.</p> <p>19 MR. ARNDT: Chairman, Commissioners, yeah, we</p> <p>20 can definitely look into getting that in there.</p> <p>21 I do know, and I'm not super familiar with</p> <p>22 it, with the ID at the polls tool, I know we're working</p> <p>23 with the County on making it easier for access for</p> <p>24 Navajo -- or, just all Native Americans with that.</p> <p>25 And then with the PPE, I'm not entirely sure,</p>		<p>1 amendments to A.A.C. R2-20-701, 702.01, and 703.01.</p> <p>2 Mr. Collins, can you make sense out of that?</p> <p>3 MR. COLLINS: I can, absolutely. Basically,</p> <p>4 and I'll just cut to the chase, we had our latest</p> <p>5 meeting in front of the GRRC study session on Tuesday.</p> <p>6 It was -- it was fine, it was good. We got some good</p> <p>7 questions on a rule change we were making, and we think</p> <p>8 that that was progress.</p> <p>9 We also recently filed our first rules that</p> <p>10 had been formally approved by GRRC, and so that was</p> <p>11 also done.</p> <p>12 All we're asking for on these three rules,</p> <p>13 702.01, 703.01, and 701 -- 702.01, 703.01, and 701 are</p> <p>14 that you -- we have two recommended brief -- motions.</p> <p>15 One is that we approve them. And then two, I would</p> <p>16 like a -- I'm recommending a separate motion on making</p> <p>17 them effective immediately.</p> <p>18 The reason for that is that, in working with</p> <p>19 the GRRC, it's been helpful to -- for us to say we</p> <p>20 would like them effective immediately, because then it</p> <p>21 triggers GRRC making them effective immediately on</p> <p>22 their calendar. There's some tension between those</p> <p>23 dates, but right now we have a work around for that</p> <p>24 that I think is effective, given the election cycle.</p> <p>25 Just a real brief reminder on these rules.</p>	
10:40:21-10:41:16	Page 55	10:42:46-10:43:54	Page 57
<p>1 but I do think we had -- was it radio ads that were</p> <p>2 broadcasted in Navajo as well to try and outreach. So</p> <p>3 we can definitely highlight some of that stuff in</p> <p>4 there.</p> <p>5 CHAIRMAN PATON: Okay. Let's see. So is</p> <p>6 there a motion to approve the Annual Report?</p> <p>7 COMMISSIONER CHAN: Mr. Chairman, I would</p> <p>8 move that we approve the Annual Report.</p> <p>9 CHAIRMAN PATON: And is there a second?</p> <p>10 COMMISSIONER TITLA: Second.</p> <p>11 CHAIRMAN PATON: We have a second. And I</p> <p>12 will call the roll.</p> <p>13 Commissioner Chan.</p> <p>14 COMMISSIONER CHAN: Aye.</p> <p>15 CHAIRMAN PATON: Commissioner Kimble.</p> <p>16 COMMISSIONER KIMBLE: Aye.</p> <p>17 CHAIRMAN PATON: Commissioner Meyer.</p> <p>18 COMMISSIONER MEYER: Aye.</p> <p>19 CHAIRMAN PATON: Commissioner Titla.</p> <p>20 COMMISSIONER TITLA: Aye.</p> <p>21 CHAIRMAN PATON: And I'm the Chairman and I</p> <p>22 vote aye as well.</p> <p>23 Item V: Discussion and possible action on</p> <p>24 status of rule amendment filings, Governor's Regulatory</p> <p>25 Review Council actions, and final approval of</p>		<p>1 Rule 701 was drafted by John Sundt, of GRRC, to</p> <p>2 reiterate what his view of Prop 306 is. And then the</p> <p>3 amendments to 703.01 and 702.01 were written by me in</p> <p>4 response to other comments by Council Member Sundt,</p> <p>5 again, to reiterate his view of Prop 306. So I would</p> <p>6 simply recommend that the Commission vote to approve</p> <p>7 them, and then that the Commission also vote to make</p> <p>8 them effective immediately.</p> <p>9 COMMISSIONER CHAN: Mr. Chairman.</p> <p>10 CHAIRMAN PATON: Yes, Ms. Chan.</p> <p>11 COMMISSIONER CHAN: Can we just approve them</p> <p>12 as a slate then?</p> <p>13 MR. COLLINS: Yes. Mr. Chairman,</p> <p>14 Commissioner Chan, I believe that is appropriate.</p> <p>15 COMMISSIONER CHAN: Mr. Chairman, I move that</p> <p>16 we approve -- make final approval of amendments to</p> <p>17 R2-20-701, 702.01, and 703.01.</p> <p>18 CHAIRMAN PATON: Do we have a second?</p> <p>19 COMMISSIONER KIMBLE: Second.</p> <p>20 CHAIRMAN PATON: Okay. So we will have roll</p> <p>21 vote.</p> <p>22 Commissioner Chan.</p> <p>23 COMMISSIONER CHAN: Aye.</p> <p>24 CHAIRMAN PATON: Commissioner Kimble.</p> <p>25 COMMISSIONER KIMBLE: Aye.</p>	

10:43:55-10:44:37	Page 58	10:45:12-10:45:44	Page 60
<div>1CHAIRMAN PATON: Commissioner Meyer.</div> <div>2COMMISSIONER MEYER: Aye.</div> <div>3CHAIRMAN PATON: Commissioner Titla.</div> <div>4COMMISSIONER TITLA: Aye.</div> <div>5CHAIRMAN PATON: And I'm the Chairman and I</div> <div>6vote aye as well. So that -- that goes.</div> <div>7COMMISSIONER CHAN: And then Mr. Chairman.</div> <div>8CHAIRMAN PATON: Yes.</div> <div>9COMMISSIONER KIMBLE: Before you -- you move,</div> <div>10one point of clarification, Mr. Collins. Our agenda</div> <div>11says 703.03. That is not correct, is that?</div> <div>12MR. COLLINS: Well, yeah, so --</div> <div>13COMMISSIONER KIMBLE: It's 703.01, as stated</div> <div>14in the motion, right?</div> <div>15MR. COLLINS: You're right.</div> <div>16COMMISSIONER KIMBLE: Okay.</div> <div>17MR. COLLINS: So I guess --</div> <div>18COMMISSIONER CHAN: Mr. Chairman, I looked --</div> <div>19Tom, I looked at the rule itself just to make sure.</div> <div>20Because you said 703.01 when you spoke to us of it --</div> <div>21MR. COLLINS: Yeah.</div> <div>22COMMISSIONER CHAN: -- and I noticed it was</div> <div>23different on the agenda. That's okay.</div> <div>24MR. COLLINS: No, I think --</div> <div>25COMMISSIONER CHAN: I just wanted to make</div>	<div>1MR. COLLINS: There was a mistake on the</div> <div>2agenda.</div> <div>3CHAIRMAN PATON: Okay.</div> <div>4COMMISSIONER KIMBLE: Okay.</div> <div>5MS. KARLSON: Yes, so --</div> <div>6COMMISSIONER CHAN: Oh, what a bummer. Okay,</div> <div>7I see. Because it's not properly agendaed?</div> <div>8MS. KARLSON: Correct.</div> <div>9MR. COLLINS: Correct.</div> <div>10CHAIRMAN PATON: Okay. So we're leaving off</div> <div>11703.01.</div> <div>12COMMISSIONER CHAN: Oh, what a bummer. Well,</div> <div>13we're going to have a special meeting anyway in a</div> <div>14couple weeks; I guess we can do it then.</div> <div>15CHAIRMAN PATON: All right. Commissioner</div> <div>16Chan.</div> <div>17COMMISSIONER CHAN: All right.</div> <div>18CHAIRMAN PATON: Fire it up.</div> <div>19COMMISSIONER CHAN: Mr. Chairman, I move that</div> <div>20we make final approval of the amendments to R2-20-701</div> <div>21and 702.01.</div> <div>22CHAIRMAN PATON: Do I have a second?</div> <div>23COMMISSIONER KIMBLE: Second.</div> <div>24CHAIRMAN PATON: We have a second. We have a</div> <div>25motion and a second.</div>		
10:44:39-10:45:10	Page 59	10:45:45-10:46:17	Page 61
<div>1sure I made the correct motion, so I looked at the</div> <div>2rules, and it was 703.01.</div> <div>3MR. COLLINS: Well, I think in the abundance</div> <div>4of caution I guess I would -- I would -- I would</div> <div>5suggest that we revote on --</div> <div>6COMMISSIONER CHAN: No, no.</div> <div>7COMMISSIONER KIMBLE: No.</div> <div>8MR. COLLINS: I mean, Kara is going to</div> <div>9make --</div> <div>10COMMISSIONER KIMBLE: The motion is accurate.</div> <div>11MR. COLLINS: Kara is going to make us do</div> <div>12this anyways.</div> <div>13COMMISSIONER CHAN: The motion --</div> <div>14COMMISSIONER KIMBLE: The motion was</div> <div>15accurate.</div> <div>16COMMISSIONER CHAN: -- was for 703.01.</div> <div>17MR. COLLINS: I understand that. Kara is</div> <div>18going to make us do what I'm about to tell you anyways.</div> <div>19COMMISSIONER CHAN: Oh.</div> <div>20MS. KARLSON: Yes, you should.</div> <div>21COMMISSIONER CHAN: Redo it?</div> <div>22MR. COLLINS: Redo it with just 701 and</div> <div>23702.01.</div> <div>24COMMISSIONER CHAN: Why?</div> <div>25CHAIRMAN PATON: Tom, you're confusing.</div>	<div>1And the roll is: Commissioner Chan.</div> <div>2COMMISSIONER CHAN: Aye.</div> <div>3CHAIRMAN PATON: Commissioner Kimble.</div> <div>4COMMISSIONER KIMBLE: Aye.</div> <div>5CHAIRMAN PATON: Commissioner Meyer.</div> <div>6COMMISSIONER MEYER: Aye.</div> <div>7CHAIRMAN PATON: Commissioner Titla.</div> <div>8COMMISSIONER TITLA: Aye.</div> <div>9CHAIRMAN PATON: I'm the Chairman and I vote</div> <div>10aye as well, so that passes.</div> <div>11COMMISSIONER CHAN: And Mr. Chairman, I move</div> <div>12that we make those amendments effective immediately.</div> <div>13CHAIRMAN PATON: Do I have a second?</div> <div>14COMMISSIONER KIMBLE: Second.</div> <div>15CHAIRMAN PATON: And we will vote again.</div> <div>16Commissioner Chan.</div> <div>17COMMISSIONER CHAN: Aye.</div> <div>18CHAIRMAN PATON: Commissioner Kimble.</div> <div>19COMMISSIONER KIMBLE: Aye.</div> <div>20CHAIRMAN PATON: Commissioner Meyer.</div> <div>21COMMISSIONER MEYER: Aye.</div> <div>22CHAIRMAN PATON: Commissioner Titla.</div> <div>23COMMISSIONER TITLA: Aye.</div> <div>24CHAIRMAN PATON: And I'm the Chairman and I</div> <div>25vote aye as well, so that passes as well.</div>		

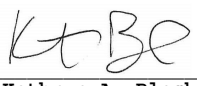
10:46:22-10:46:53

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1 And Item VI: Public comment.  
2 Does any member of the public wish to make a  
3 comment at this time?  
4 (No response.)  
5 CHAIRMAN PATON: I see no visible hands.  
6 So do we have a motion to adjourn?  
7 COMMISSIONER CHAN: I move -- Mr. Chairman, I  
8 move we adjourn our meeting.  
9 CHAIRMAN PATON: Do I have a second?  
10 COMMISSIONER KIMBLE: Second.  
11 CHAIRMAN PATON: And the roll call is:  
12 Commissioner Chan.  
13 COMMISSIONER CHAN: Aye.  
14 CHAIRMAN PATON: Commissioner Kimble.  
15 COMMISSIONER KIMBLE: Aye.  
16 CHAIRMAN PATON: Commissioner Meyer.  
17 COMMISSIONER MEYER: Aye.  
18 CHAIRMAN PATON: Commissioner Titla.  
19 COMMISSIONER TITLA: Aye.  
20 CHAIRMAN PATON: And I'm the Chairman, I vote  
21 aye as well.  
22 We are adjourned.  
23 (The proceedings concluded at 10:47 a.m.)  
24  
25

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1 STATE OF ARIZONA )  
2 COUNTY OF MARICOPA ) ss.  
3  
4 BE IT KNOWN that the foregoing deposition was  
5 taken by me pursuant to stipulation of counsel; that I  
6 was then and there a Certified Reporter of the State of  
7 Arizona, and by virtue thereof authorized to administer  
8 an oath; that the witness before testifying was duly  
9 sworn by me to testify to the whole truth; that notice  
10 was given that the transcript was available for review  
11 and signature; that the questions propounded by counsel  
12 and the answers of the witness thereto were taken down  
13 by me in shorthand and thereafter transcribed into  
14 typewriting under my direction; that the foregoing  
15 pages are a full, true, and accurate transcript of all  
16 proceedings and testimony had and adduced upon the  
17 taking of said deposition, all to the best of my skill  
18 and ability.  
19  
20 I FURTHER CERTIFY that I am in no way related  
21 to nor employed by any of the parties hereto nor am I  
22 in any way interested in the outcome hereof.  
23  
24 DATED at Tempe, Arizona, this 2nd day of  
25 March, 2020.

  
Kathryn A. Blackwelder, RPR  
Certified Reporter #50666

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**(7) sentence - Voters**

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	<b>306 (5)</b> 31:24;39:11; 49:22;57:2,5	<b>9:31 (1)</b> 3:1		

**CITIZENS CLEAN ELECTIONS COMMISSION**  
**EXECUTIVE DIRECTOR REPORT**  
**April 30, 2020**

**Announcements:**

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

**Voter Education:**

- There are local elections on May 19 in Cochise, Coconino, Graham, and Maricopa Counties. Details are on the Commission's website.
- Avery attended AZDHS Webinar for Election Officials & COVID-19 on March 11.
- Avery interviewed with Sydney Mack (ASU) on March 31.
- Avery interviewed with Alexandra Mora Medina (ASU) on April 1.
- Avery is attending weekly MCC Virtual Voting meetings.

**Administration:**

- On March 11, Governor Ducey declared a State of Emergency due to COVID-19
- Governor Ducey issued Executive Order, Stay Home, Stay Healthy, Stay Connected, as a continued effort to slow the spread of COVID-19.
- Government offices are considered essential services and most agencies remain open with minimal staff working in the office. Based on recommendations & guidance from the Governor's office, AZDHS & CDC, agency has expanded our staff telework schedules & in office work schedules with minimal staff. We have also made some office process & procedure changes which reduces incoming traffic and the risk & exposure to COVID-19. Staff has also received face coverings and recommended disinfectants for office work environments.
- Paula is attending weekly remote meetings with the Governor's Office, HR professionals & Payroll reps to stay abreast of the constant changes, recommendations and guidance re COVID-19 and updates staff accordingly.

**Miscellaneous**

- **Outstanding legal matters**
  - Legacy Foundation Action Fund
  - AZAN v. State et. al.
    - Oral argument in June.
  - State Ex Rel Brnovich v. Ariz. Board of Regents.
    - Arguments were held earlier this month. A decision is expected in the near future.
  - Brnovich v. Democratic National Committee
    - Petition for Certiorari filed 4/27
      - [https://www.azag.gov/sites/default/files/docs/press-releases/2020/petitions/Brnovich\\_Petition.pdf](https://www.azag.gov/sites/default/files/docs/press-releases/2020/petitions/Brnovich_Petition.pdf)
    - Secretary Hobbs opposes.
    - Main issue is 9<sup>th</sup> Cir. (en banc) striking down Arizona law restricting the collection of ballots.
  - Voto Latino v. Hobbs
    - Arizona District Court
    - Main issue is deadline for return of ballots.

- Miracle v. Hobbs
    - First and Fourteenth Amendment challenge to restriction on the right to petition for initiatives under Arizona Constitution.
    - Appeal pending denial of Preliminary Relief.
- **Legislature**
  - HB2054 & HB 2055 raise substantial Voter Protection Act issues. Counsel has been appointed regarding HB2055.
- **Appointments**
  - No additional information at this time.
- **Rules**
  - Update on GRRC study session 4/28. AAC R2-20-702 on agenda. R2-20-701, 702.01 & 703.01 on file.
- Number of Participating Candidates – 38
- Participating Candidates Funded - 11

## **ITEM III**

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# **Finance Advisory Committee**

## **Revenue and Budget Update**

**April 9, 2020**

**JLBC**

# Summary

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- ❑ Through at least '21, the state revenue forecast will be linked to the future of the COVID-19 pandemic
- ❑ Current virus forecasts are extremely speculative and change weekly
- ❑ We currently project a \$(1.1) B '21 shortfall – could be wrong by \$500 M in either direction
- ❑ The projections are too uncertain to develop definitive plans for resolving the shortfall in the very near term
- ❑ We plan to revisit our forecast at least once prior to the start of the fiscal year

# Current COVID Epidemiological Forecasting

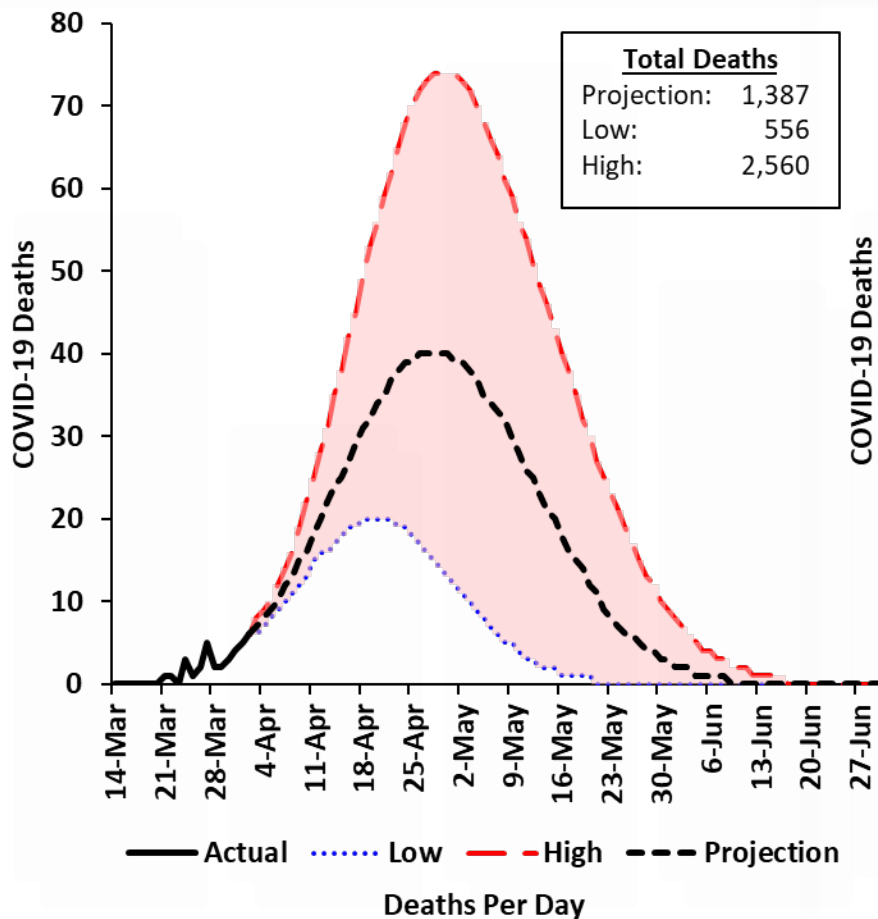
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- ❑ Like revenue forecasting, virus modeling is highly speculative
- ❑ National models continuously updated with mortality, hospitalization, testing and other data
- ❑ Two state-level projections: IHME and COVID Act Now
- ❑ IHME currently projects that Arizona deaths will peak at 24 a day on April 23 with total deaths of 775 by May 31
  - Through April 8, AZ had 80 total deaths
- ❑ IHME has a broad range of possible outcomes
- ❑ IHME has a different methodology and lower infection/death estimates than other national models

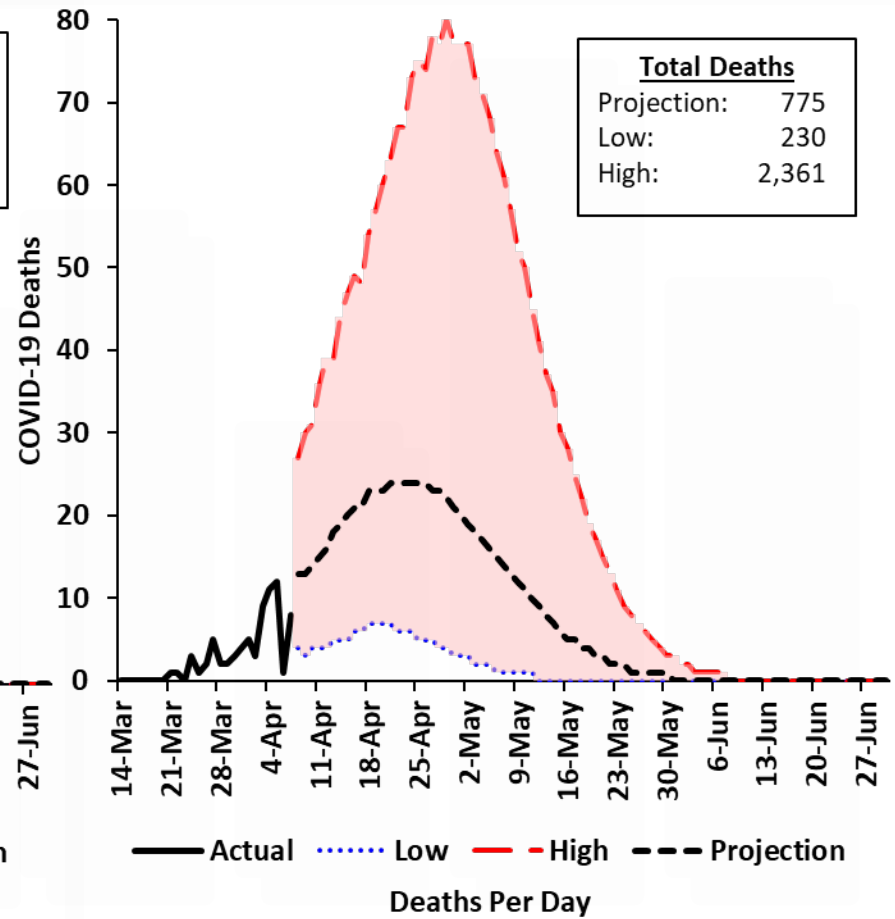
# IHME Estimate of Arizona COVID-19 Deaths

## - Lower 4/7 #s Appear Related to Broader Social Distancing

April 2 Update



April 7 Update



Source: Institute for Health Metrics and Evaluation

# Longer Term Impact of COVID-19

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- ❑ Public health experts recommend gradually lifting social distancing once the incidence rate declines noticeably
  - If this occurs, economy will also improve gradually
- ❑ As in prior pandemics, there could be a 2nd wave later in the year
  - We will be better prepared for the 2nd wave in terms of mitigation strategies, but a vaccine may still be a year away
  - A possible 2nd wave suggests being cautious with '21 revenue growth rate

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# **Arizona Economic Conditions**

# Prior to COVID, the State Was Doing Well

## - Put State in a Better Position for the COVID Recession

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- ❑ Through March, General Fund revenues were up by 8.1%
- ❑ In the Index of Economic Momentum, Arizona continued to rank 3rd among states based on last quarter data.
- ❑ But as we noted in our January presentation:

- *The forecast has no recession through '23*
  - *Recessions are hard to predict; usually due to “shock”*

# Few Real-Time Indicators Available

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- ☐ Over the last 3 weeks, 247,000 new initial UI claims have been filed
- ☐ Phoenix hotel occupancy rate fell by (71)% in last week of March
- ☐ Several restaurant chains reporting (70)% decrease in sales
- ☐ AHCCCS caseloads grew by 42,000 in 1 month, or an increase of 2.3%

# No Useful Revenue Data Yet

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- ☐ Given the time between paychecks and transmittal of withholding, no noticeable decline in income tax yet
- ☐ Businesses do not transmit that month's TPT collections until the end of the following month
- ☐ We will not have useful TPT data for another month:
  - Early May: March collections reported (1/2 a bad month)
  - Early June: April collections reported (a full bad month)
  - Early July: May collections reported (likely a bad month)

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# **Forecasting State Revenues**

# April Tax Payments to Deferred to July

## - Complicates State Accounting

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- ☐ April final income tax payments are now due in July
- ☐ The estimated payment deadlines (April 15, June 15) have NOT been deferred
- ☐ Deferral is primarily an Individual Income Tax issue, as corporations generally pay through quarterly estimates
- ☐ As a result, forecast shifts \$676 M in General Fund revenue collections from '20 to '21
- ☐ 4-Sector forecast displayed with and without deferral; the latter provides better sense of underlying economy

# April 4-Sector Forecast

- Without Deferral, (2.8)% Decline in '20, (1.5)% Decline in '21

## April Consensus Forecast

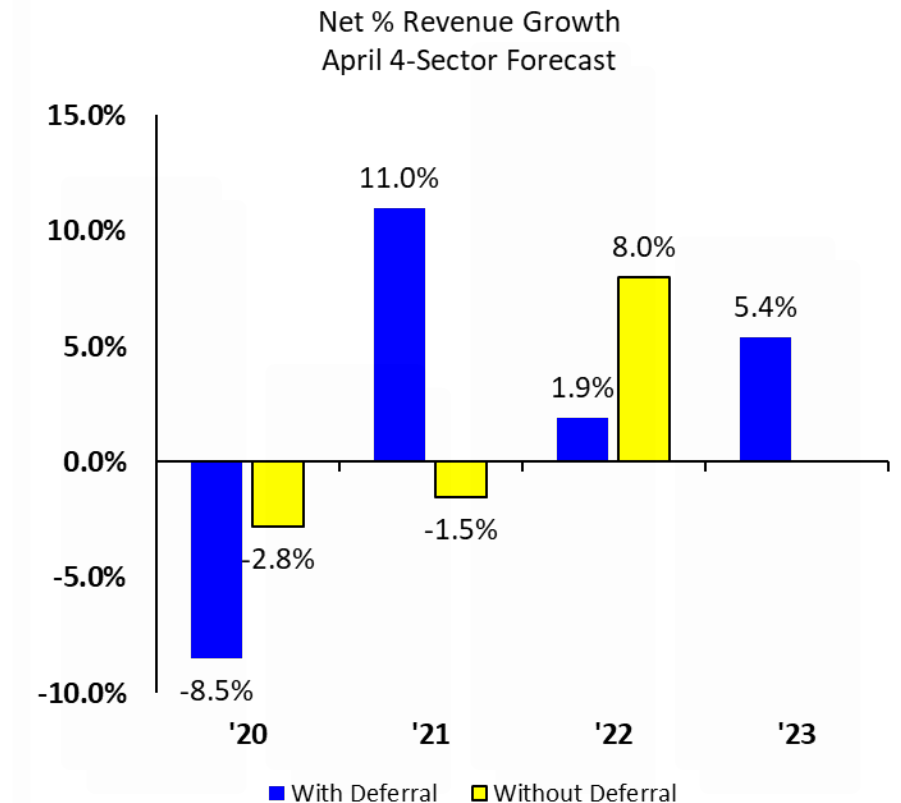
- ☐ Finance Advisory Committee
- ☐ UA model – base
- ☐ UA model – low
- ☐ JLBC Staff

## Represents Net Growth

- ☐ Includes enacted law changes

## Long Run Average Growth

- ☐ 4.2%

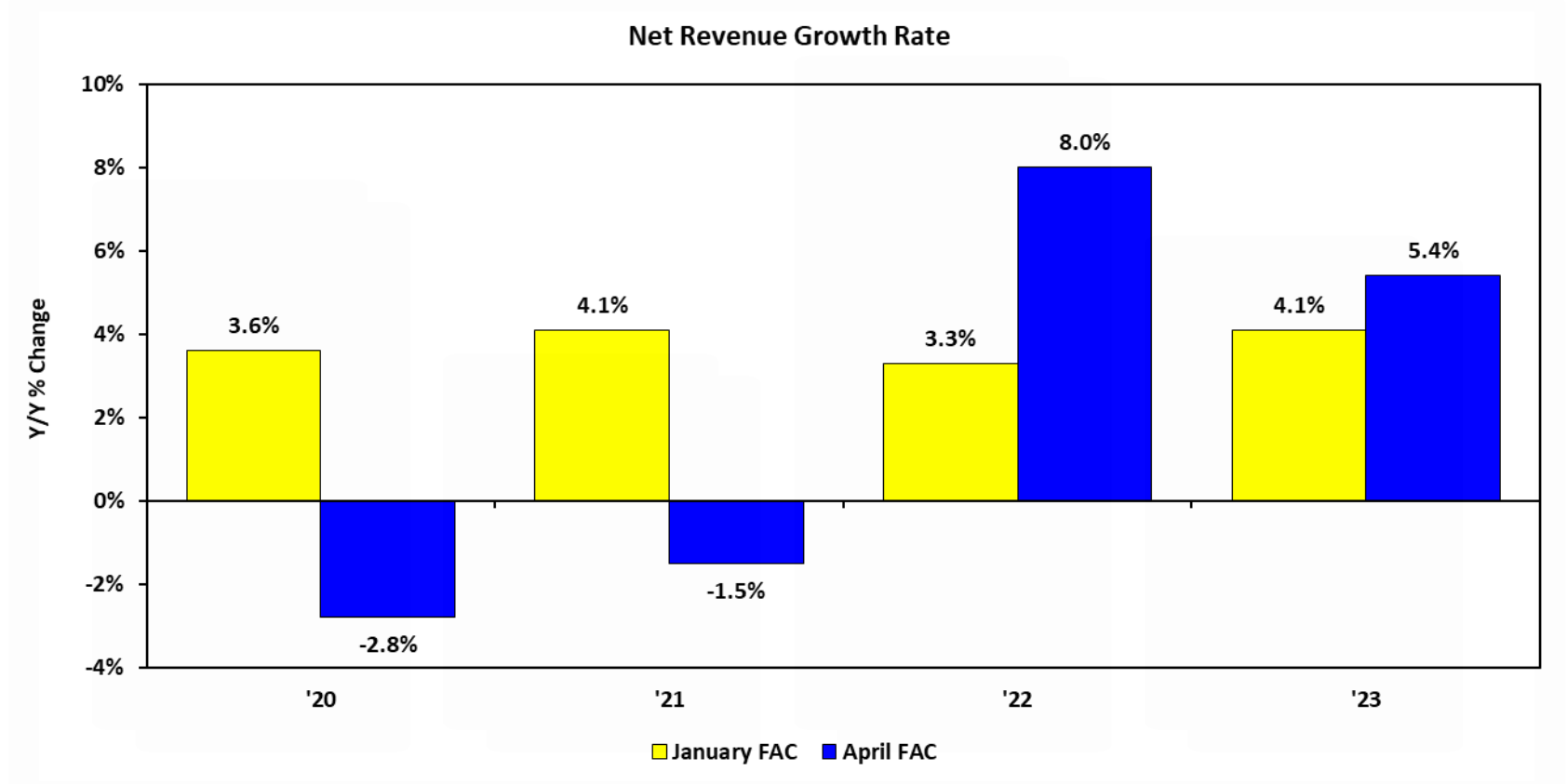


Excludes balance forward, one-time transfers and  
urban revenue sharing

See Appendix A1, A2, B1 and B2

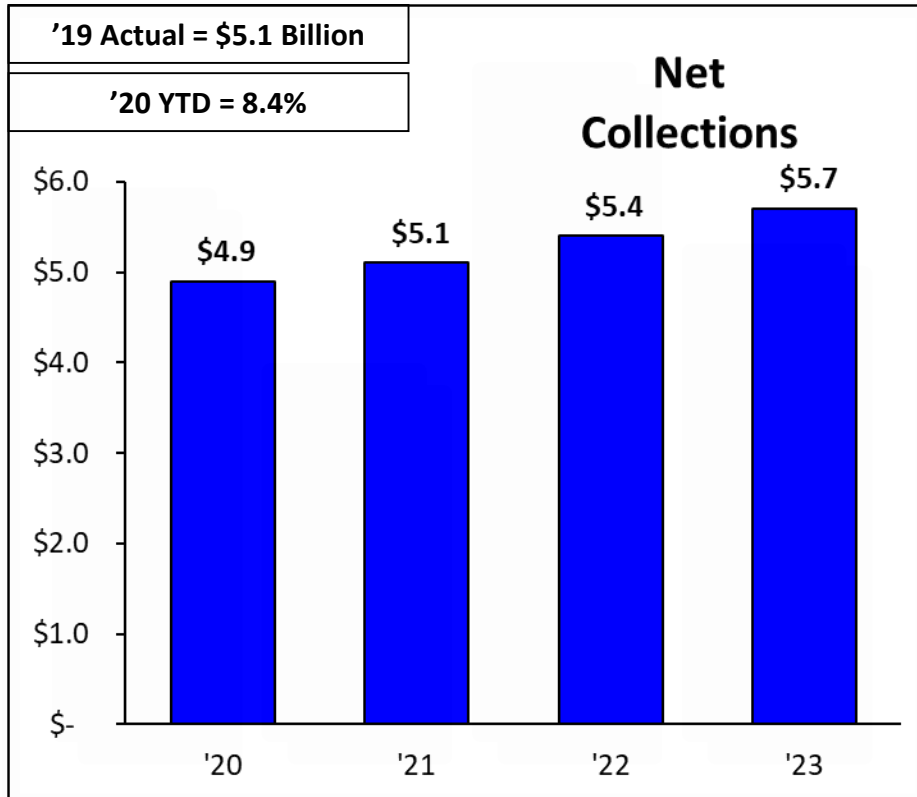
# April Forecast Versus Enacted Budget

## - April Estimates Exclude the Deferral



- (2.8)% in '20 is a combination of 8.1% growth for 3 quarters and (23.6)% decline in Q4 (excluding deferral)

# Sales Tax



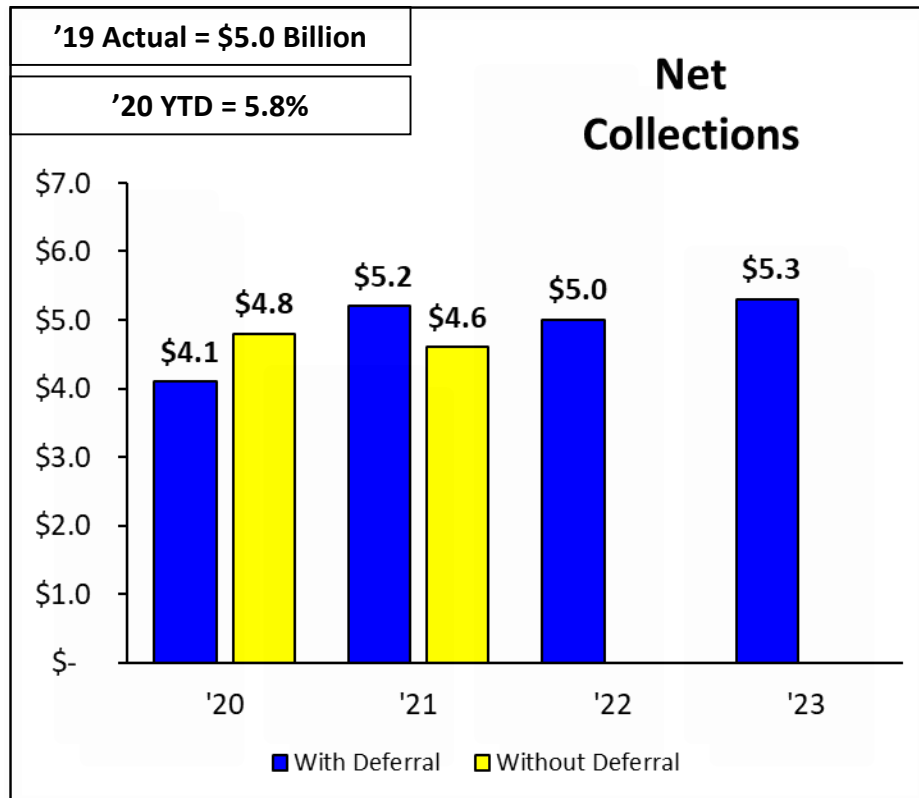
Net %	(2.9)%	3.3%	6.6%	5.4%
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## JLBC Staff Sector % Change by Category

	'20 Q4	'21
Retail	(32)%	3%
Contracting	9	2
Use	(25)	2
Restaurant/Bar	(70)	1
Utilities	(6)	(2)
Hotel	(70)	5
Total	(31)	2

- Within retail, Auto TPT would decline (50)% in Q4

# Individual Income Tax



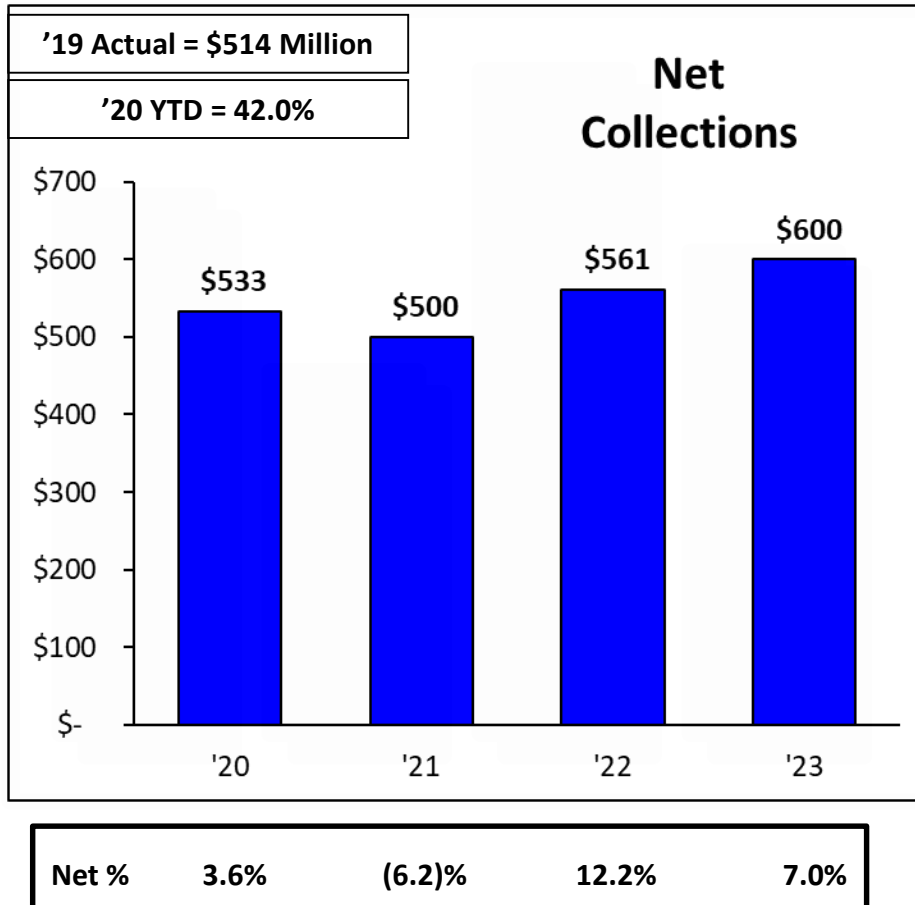
Net % w/ Deferral	(17.3)%	26.1%	(3.4)%	5.8%
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Net % w/out Deferral	(3.8)%	(5.5)%	10.9%	5.8%
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JLBC Sector % Change by Category (without Deferral)		
	'20 Q4	'21
Withholding	(15)%	(2)%
Payments	(13)	(17)
Refunds	<u>22</u>	<u>(6)</u>
Total	(23)	(6)

- ❑ Withholding forecast to drop (15)% in Q4 and (1.9)% in '21
- ❑ Excluding deferral, payments fall (13)% in '20; due to TY '19 tax reductions
- ❑ Due to stock market decline, payments reduced (17)% in '21

# Corporate Income Tax



- ❑ 4-Sector forecasts a Q4 decline of (39)%
- ❑ CIT especially sensitive to economy
- ❑ Lost 58% of its value in Great Recession
- ❑ JLBC Staff projects (22)% drop in '21 to \$426 M

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# **Formula Spending Adjustments**

# Feds Increasing Medicaid Match Rate

## - Savings Are Partially Offset by Caseload Increases

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- ❑ Retroactive to January, feds have increased their share of Medicaid costs by 6.2%
  - Will last as long as federal emergency declaration
- ❑ AHCCCS caseloads expected to increase dramatically
  - 20% by July, another 10% through '21
  - From trough to peak, caseload grew by 27% in Great Recession
- ❑ April forecast assumes net savings of \$(237) M in '20 and \$(130) M in '21
  - Includes DES/Developmental Disabilities impact
  - Assumes emergency lasts until June '21

---

# **Projected Ending Balances**

# Projected Cash Shortfall of \$(1.1) B

---

	<u>\$ in M</u>
Incurred During '20	(638)
Incurred During '21	<u>(462)</u>
Total Shortfall	(1,100)

- ☐ The \$(1.1) B shortfall assumes the '20 shortfall is rolled over into '21
- ☐ AZ Constitution allows incurred debts to be paid in following year
- ☐ Likely range of shortfall \$(600) M - \$(1.6) B ???

See Appendix C

# Cash Shortfalls Persist through '23

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- ❑ '22 shortfall = \$(1.0) B and '23 shortfall = \$(624) M
- ❑ Estimates assume that '21 shortfall is resolved and not rolled into '22
- ❑ We project that the higher federal Medicaid rate will end in '22. Causes half of the \$(1.0) B '22 shortfall.
- ❑ With each succeeding year, accuracy of the estimates declines considerably
  - 1% error in each of 3 years changes balance by \$725 M

---

# **Potential Approaches to Shortfall**

# Potential Approaches for \$(638) M '20 Shortfall

---

- ☐ Roll problem into '21 and resolve as part of '21 budget changes
  - State used this approach in '09
- ☐ Statutorily withdraw monies from \$973 M Rainy Day Fund
  - Need flexibility since shortfall unknown until after 6/30
  - Authorize JLBC Staff/OSPB to determine transfer that will result in \$1 M balance
  - State used this approach in '08
- ☐ Federal funds offset – discussed later
- ☐ Fund transfers – better to deploy in '21
- ☐ Agency budget reductions – hard to implement at end of fiscal year

# Potential Approaches for \$(1.1) B '21 Shortfall

## - Assumes Rollover of '20 Shortfall

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- ☐ Up to \$973 M in Rainy Day Fund
- ☐ Use of federal COVID \$
- ☐ Fund transfers
- ☐ Revenue/spending adjustments

# Federal Fund Options

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- ❑ \$1.6 B from Federal Coronavirus Relief Fund
  - Likely limited to reimbursing COVID-related spending
  - Much less flexible than depositing into General Fund
  - At minimum, \$50 M Crisis Contingency Fund appropriation is reimbursable (up to actual expenditure)
- ❑ \$277 M from K-12 Emergency Relief Fund
  - Subject to a “Maintenance of Effort” provision
  - AZ spends \$866 M above MOE level
  - Could use all \$ to supplant or supplement K-12

# Federal Fund Options (Cont.)

---

- ❑ \$190 M from Higher Education Emergency Relief Fund
  - \$118 M to public universities and \$72 M to community colleges
  - AZ spends \$11 M above MOE level
- ❑ \$69 M from Governor's Emergency Education Relief Fund
  - Governor determines allocation
  - Used for any level of education, including child care
  - Only available if meeting K-12 and Higher Ed MOEs

# Next Steps

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- ☐ Challenging to craft solution when magnitude of problem is uncertain
- ☐ By early June, we will have more data to assess problem
  - April and May withholding
  - April TPT collection
- ☐ We plan to revisit our forecast at least once by June
- ☐ In meantime, develop potential solution sets which could be implemented near the beginning of the fiscal year

# Historical Perspectives



4

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# Appendices

# Appendix A1: April 4-Sector Forecast With Deferral

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Sales Tax</b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA – Low	-5.1%	3.1%	6.4%	6.6%
UA – Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
Average:	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.5%</b>
<b>Individual Income Tax with Deferral</b>				
JLBC Forecast	-18.6%	26.4%	-3.5%	7.5%
UA – Low	-17.3%	24.6%	-4.1%	4.9%
UA – Base	-16.3%	27.5%	-2.9%	5.3%
FAC	-16.9%	26.1%	-3.3%	5.3%
Average:	<b>-17.3%</b>	<b>26.1%</b>	<b>-3.4%</b>	<b>5.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA – Low	5.0%	-3.2%	10.1%	5.0%
UA – Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
Average:	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA – Low	-2.2%	3.5%	2.2%	2.1%
UA – Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
Average:	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>

JLBC Weighted Average	<b>-9.8%</b>	<b>10.8%</b>	<b>2.8%</b>	<b>7.2%</b>
UA Low Weighted Average	<b>-10.0%</b>	<b>11.6%</b>	<b>1.5%</b>	<b>5.6%</b>
UA Base Weighted Average	<b>-8.5%</b>	<b>13.9%</b>	<b>2.4%</b>	<b>4.5%</b>
FAC Consensus Weighted Average	<b>-7.3%</b>	<b>12.4%</b>	<b>1.5%</b>	<b>4.9%</b>
“Big-4” Weighted Average	<b>-8.9%</b>	<b>12.2%</b>	<b>2.1%</b>	<b>5.5%</b>
Consensus Weighted Average*	<b>-8.5%</b>	<b>11.0%</b>	<b>1.9%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix A2: April 4-Sector Forecast Without Deferral

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Sales Tax</b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA – Low	-5.1%	3.1%	6.4%	6.6%
UA – Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
Average:	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.4%</b>
<b>Individual Income Tax without Deferral</b>				
JLBC Forecast	-5.1%	-5.7%	11.0%	7.5%
UA – Low	-4.1%	-6.4%	10.0%	4.9%
UA – Base	-3.0%	-3.6%	10.9%	5.3%
FAC	-2.9%	-6.4%	11.6%	5.3%
Average:	<b>-3.8%</b>	<b>-5.5%</b>	<b>10.9%</b>	<b>5.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA – Low	5.0%	-3.2%	10.1%	5.0%
UA – Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
Average:	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA – Low	-2.2%	3.5%	2.2%	2.1%
UA – Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
Average:	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>

JLBC Weighted Average	<b>-3.8%</b>	<b>-2.4%</b>	<b>9.5%</b>	<b>7.2%</b>
UA Low Weighted Average	<b>-4.0%</b>	<b>-1.5%</b>	<b>7.9%</b>	<b>5.6%</b>
UA Base Weighted Average	<b>-2.6%</b>	<b>0.8%</b>	<b>8.6%</b>	<b>4.5%</b>
FAC Consensus Weighted Average	<b>-1.0%</b>	<b>-1.0%</b>	<b>8.0%</b>	<b>4.9%</b>
“Big-4” Weighted Average	<b>-2.9%</b>	<b>-1.0%</b>	<b>8.5%</b>	<b>5.5%</b>
Consensus Weighted Average*	<b>-2.8%</b>	<b>-1.5%</b>	<b>8.0%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix B1: Revenue '19 - '21 with Deferral

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,144,637.5	-17.3%	(864,383.1)	5,228,342.7	26.1%	1,083,705.2
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Taxes	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,273,681.9	-8.9%	(997,766.1)	11,513,530.0	12.1%	1,239,848.1
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>10,797,044.7</b>	<b>-8.5%</b>	<b>(1,009,065.7)</b>	<b>11,981,215.6</b>	<b>11.0%</b>	<b>1,184,170.9</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,059,471.1</b>	<b>-9.6%</b>	<b>(1,071,834.9)</b>	<b>11,152,722.9</b>	<b>10.9%</b>	<b>1,093,251.8</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,150,311.8</b>	<b>-9.6%</b>	<b>(1,081,420.0)</b>	<b>11,169,422.9</b>	<b>10.0%</b>	<b>1,019,111.1</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	(638,220.0)	N/A	(1,595,461.0)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,107,552.8</b>	<b>-4.9%</b>	<b>(573,811.0)</b>	<b>10,531,202.9</b>	<b>-5.2%</b>	<b>(576,349.9)</b>

# Appendix B1: Revenue '22 - '23 with Deferral

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	-3.4%	(179,332.1)	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	2.1%	244,720.3	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>1.9%</b>	<b>227,226.1</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>3.2%</b>	<b>354,077.6</b>	<b>12,010,559.8</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>3.3%</b>	<b>374,077.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	N/A	638,220.0	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>

# Appendix B2: Revenue '19 - '21 without Deferral

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,820,141.6	-3.8%	(188,879.0)	4,552,838.6	-5.5%	(267,303.0)
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Taxes	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,949,186.0	-2.9%	(322,262.0)	10,838,025.9	-1.0%	(111,160.1)
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>11,472,548.8</b>	<b>-2.8%</b>	<b>(333,561.6)</b>	<b>11,305,711.5</b>	<b>-1.5%</b>	<b>(166,837.3)</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,734,975.2</b>	<b>-3.6%</b>	<b>(396,330.8)</b>	<b>10,477,218.8</b>	<b>-2.4%</b>	<b>(257,756.4)</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,825,815.9</b>	<b>-3.6%</b>	<b>(405,915.9)</b>	<b>10,493,918.8</b>	<b>-3.1%</b>	<b>(331,897.1)</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	37,284.1	-96.1%	(919,956.9)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,783,056.9</b>	<b>0.9%</b>	<b>101,693.1</b>	<b>10,531,202.9</b>	<b>-10.6%</b>	<b>(1,251,854.0)</b>

# Appendix B2: Revenue '22 - '23 without Deferral

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	10.9%	496,172.0	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	8.5%	920,224.4	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>8.0%</b>	<b>902,730.2</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>9.8%</b>	<b>1,029,581.7</b>	<b>12,010,559.9</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>10.0%</b>	<b>1,049,581.7</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	-100.0%	(37,284.1)	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>

# Appendix C: '20 - '23 Balance Sheet

## Statement of General Fund Revenues and Expenditures <sup>1/</sup> With One-Time Financing Sources

	FY 2020 April FAC	FY 2021 April FAC	FY 2022 April FAC	FY 2023 April FAC
<b>REVENUES</b>				
Ongoing Revenues	\$10,797,044,700	\$11,981,215,600	\$12,208,441,700	\$12,869,798,700
Urban Revenue Sharing	(737,573,600)	(828,492,700)	(701,641,200)	(859,238,900)
Net Ongoing Revenues	\$10,059,471,100	\$11,152,722,900	\$11,506,800,500	\$12,010,559,800
One-time Financing Sources				
Balance Forward	957,241,000	(638,220,000)		
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	(\$621,520,000)	\$36,700,000	\$16,700,000
<b>Total Revenues</b>	<b>\$11,107,552,800</b>	<b>\$10,531,202,900</b>	<b>\$11,543,500,500</b>	<b>\$12,027,259,800</b>
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$10,838,429,200	\$11,469,518,500	\$12,002,878,300	\$12,350,613,100
FY 2020 Supplementals/Ex-Approp.	46,459,700			
Enhanced FMAP/Caseload Adjustments	(237,000,000)	(130,000,000)	415,000,000	260,000,000
Administrative Adjustments	128,000,000	146,000,000	155,000,000	162,000,000
Reversions	(173,000,000)	(184,000,000)	(192,000,000)	(198,000,000)
Subtotal Ongoing Expenditures	\$10,602,888,900	\$11,301,518,500	\$12,380,878,300	\$12,574,613,100
One-time Expenditures				
Capital Outlay	4,575,000	11,000,000		
Transportation Funding	95,310,000			
Reduce K-12 Rollover (Enacted)			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	275,373,600	120,370,000	76,876,700
FY 2020 One-Time Supplementals	80,616,900			
Additional (27th) Pay Period		43,078,600	20,052,100	
Subtotal One-time Expenditures	\$1,142,883,900	\$329,452,200	\$170,422,100	\$76,876,700
<b>Total Expenditures</b>	<b>\$11,745,772,800</b>	<b>\$11,630,970,700</b>	<b>\$12,551,300,400</b>	<b>\$12,651,489,800</b>
<b>Ending Balance <sup>2/</sup></b>	<b>(\$638,220,000)</b>	<b>(\$1,099,767,800)</b>	<b>(\$1,007,799,900)</b>	<b>(\$624,230,000)</b>
<b>Ongoing Balance <sup>3/</sup></b>	<b>(\$543,417,800)</b>	<b>(\$148,795,600)</b>	<b>(\$874,077,800)</b>	<b>(\$564,053,300)</b>

- <sup>1/</sup> Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.
- <sup>2/</sup> This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.
- <sup>3/</sup> This calculation reflects the difference between ongoing revenues and ongoing expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.

## **JLBC Staff – April 2020 Revenue and Budget Update**

### **Summary of the General Fund Budget Outlook**

- Through at least FY 2021, the state revenue forecast will be linked to the future of the COVID-19 pandemic.
- Current virus projections are extremely speculative and change weekly. As a result, economic forecasting is significantly more challenging than usual.
- Based on the April FAC consensus process, we anticipate the COVID pandemic reducing 4<sup>th</sup> quarter General Fund revenues by (24)%.
- With the new 4-sector forecast, we are projecting a \$(1.1) billion shortfall by the end of FY 2021. This estimate could be off by \$500 million in either direction.
- The projections are too uncertain at this time to develop any definitive plans for resolving the shortfall. We do offer, however, several potential approaches as starting points for consideration.
- We plan to revisit our forecast at least once by June so that policymakers have better information on the budget picture prior to beginning FY 2021.

### **Epidemiological Projections**

In compiling the April budget forecast, we first analyzed potential pandemic outcomes. The future course of the coronavirus, otherwise known as COVID-19, is obviously difficult to predict in advance. Much like in revenue forecasting, there are several different scenarios.

The Institute for Health Metrics and Evaluation (IHME) produces one of the two major forecasting models of the pandemic at a state level. As of April 8, the IHME model predicts that the highest number of deaths in Arizona will peak at 24 per day on April 23. Overall, IHME forecasts the total mortality at 775 deaths, which would occur by the end of May, but with a possible range of 230 to 2,361. As of April 8, Arizona had 80 total deaths.

Another entity called “COVID Act Now” also produces a state-level forecast. Nationwide, their modeling generally forecasts worse outcomes than IHME. COVID Act Now projects 6,000 Arizona deaths through this summer if the state has a strict stay-at-home policy for 3 months.

In general, states use these forecasts as a tool along with their own projections including local epidemiological, social distancing, and hospitalization data.

The projected mortality rate along with a sustained reduction in new cases provides guidance as to when the current broad-based “stay at home” policy may be modified or ended. The lifting of the policy would help regenerate economic activity. Even reaching 0 new deaths may not immediately result in the elimination of all current social distancing practices. Lifting all social distancing too quickly runs the risk of new positive COVID-19 tests.

If the social distancing policies are gradually lifted, the economy will also improve gradually. In compiling the revenue forecast, we also need to evaluate the possibility of a "second wave" of COVID-19 transmissions and deaths later in the year and into the beginning of CY 2021. In the flu pandemic of 1918 and 1919, there were 3 waves of the disease.

At the end of the first wave of COVID-19, according to the 2 models, fewer than 5% to 11% of the population may carry antibodies that naturally ward off the disease. As a result, most of the general population would serve as a target in a second COVID-19 outbreak. Presumably, we will be better prepared for the 2nd wave in terms of mitigation strategies. Most public health officials believe that the development of a COVID-19 vaccine is likely to take 12 to 18 months before being made broadly available.

Given those circumstances, we believe that an economic recovery may not begin to take hold firmly until FY 2022.

### **Revenue Forecast**

Until last month, the state's economy was doing very well. Through March, for example, state General Fund revenues were 8.1% higher than the prior year. The social distancing policy has clearly had negative effects starting in the latter half of March, but we lack any solid revenue data to confirm the magnitude of the downturn. There is, however, some anecdotal evidence:

- In the last 3 weeks, initial Unemployment Compensation claims have totaled 247,000 or approximately 7% of the state workforce
- The Phoenix hotel occupancy rate fell by 71% in the last week of March
- Several restaurant chains reported a 70% decrease in sales even after the rise in takeout orders
- AHCCCS caseloads grew by 42,000 in 1 month, or an increase of 2.3%

While income tax withholding information will become available in the next several weeks, the relevant Transaction Privilege Tax (TPT) data will not be available until early May. Sellers typically transmit TPT to the state by the end of the month following the month of collection. As a result:

- March TPT data will be available at the beginning of May. Since the stay at home policy was only in effect for part of March, that estimate will not tell the full story.
- We will have a full month of reduced TPT activity when April data are available in early June.

### *Interpreting the 4-Sector Results*

The federal government has deferred their individual and corporate income tax filing dates from April 15 to July 15 for only Tax Year 2019. The state, in turn, has delayed the state income tax filing date to July 15 as well. The federal government also deferred the April payment of estimated income taxes from April to July. Estimated tax payments are due every quarter. The state, however, did not conform to the policy of deferring the estimated payments.

We have assumed that 90% of final individual income tax (IIT) payments will be deferred until July 15. A taxpayer with a refund can also defer their filing until July. We further assume, however, that only 10% of filers expecting a refund will defer. Under these assumptions, we project that \$(676) million in IIT payment revenue will be shifted out of FY 2020 and into July 2020 (FY 2021). We do not think that corporate income tax deferrals will have as much of an impact as 80% of corporations' total tax payments come from their quarterly estimated payments.

This shift will have 3 impacts on the nominal percentage change in revenue collections between now and FY 2022:

- FY 2020 will be artificially suppressed due to the movement of payments to July.
- FY 2021 will be artificially boosted due to the payments in July (along with regular payments still being made in April 2021).
- FY 2022 will appear low since the FY 2021 collections will be artificially high.

#### *April 4-Sector Forecast*

Based on the January 4-sector forecast, the enacted budget assumed that revenues would increase by 3.6% in FY 2020 (or 6.2% prior to the TY 2019 tax reductions). In FY 2021, the growth moderated to 4.1% under the enacted forecast.

Under the April forecast, revenues are now expected to decline by (8.5)% in FY 2020, but grow by 11.0% in FY 2021. As described above, however, the deferral of income tax payments clouds the underlying level of economic activity. After excluding the deferral issue, the April forecast expects reductions in both FY 2020 and FY 2021 revenues compared to the prior year. In the 4<sup>th</sup> quarter, General Fund revenues are projected to decline by (23.6)%. Combined with the 8.1% growth through March, the annual FY 2020 growth rate is now estimated to decline to (2.8)%. *(See Appendix A and B for further detail.)*

The pace of economic activity is expected to increase gradually throughout FY 2021. Given the high growth rate through March 2020, however, revenues will struggle to match that pace in FY 2021. As a result, FY 2021 revenues are forecast to drop by (1.5)% for the entire year compared to the revised FY 2020 level. *(See Table 1.)*

<b>Table 1</b>			
<b>Forecasted Revenue Growth Rate</b>			
	<u>'20</u>	<u>'21</u>	<u>'22</u>
Enacted Budget	3.6%	4.1%	3.3%
April FAC with Deferral	(8.5)%	11.0%	1.9%
April FAC without Deferral	(2.8)%	(1.5)%	8.0%

In FY 2020 and FY 2021, the individual revenue categories are expected to perform as follows:

- **Transaction Privilege Tax (TPT):** While the FY 2020 year-to-date collections were 8.4% above FY 2019, the final forecast is for an FY 2020 decline of (2.9)%, with slow growth of 3.3% in FY 2021 as well. The restaurant/bar and hotel categories in particular are expected to see significant declines of (70)% in the fourth quarter of FY 2020, with retail declining by (32)%, led by a (50)% decline in automotive sales. The slow growth in FY 2021 presumes that these categories do not recover until sometime after the start of the fiscal year.
- **Individual Income Tax (IIT):** Besides the deferral, the forecast expects that the IIT category primarily will lose revenues from reduced withholding (down an estimated (15)% in the fourth quarter of FY 2020. As with the other revenue categories, withholding will begin to recover in FY 2021 but will not meet the average level of FY 2020 activity. Withholding is forecasted to fall by (2)% in FY 2021. In addition, FY 2021 estimated and final payments are expected to drop by (17)% due to stock market losses (excluding the deferral impact).
- **Corporate Income Tax (CIT):** Since most CIT is received via estimated payments, the final payment deferral is not expected to have a substantial impact on these collections. Corporate collections, however, are expected to decline by (39)% in the 4<sup>th</sup> quarter of FY 2021, which would bring down the overall year-end growth rate to 3.6% in FY 2020. The April 4-sector foresees a further reduction of (6.2)% in FY 2021. Given the historic sensitivity of CIT to economic conditions, the JLBC Staff sector has a much steeper decline of (22.5)% in FY 2021. During the Great Recession, overall CIT collections fell by (58)% between FY 2007 and FY 2010.

In FY 2022, the 4-sector forecast envisions higher levels of economic activity along with a 8.0% growth rate, excluding the deferral. This above average growth is possible given the suppressed levels of the economy through the first half of calendar 2021.

### **Spending Adjustments**

Beyond revenue adjustments for FY 2020 and FY 2021, the April forecast also updates Medicaid spending estimates. Part of the COVID-19 response legislation passed by Congress is an enhancement of the Federal match for the program. The Federal government has increased their share of spending by 6.2%, retroactive to January 1, 2020, and will maintain that higher level of spending for as long as the Federal emergency declaration lasts.

This increase would be partially offset in the short-run by increased Medicaid caseloads, particularly in AHCCCS. The April forecast assumes that caseloads will increase 20% by July and another 10% through the rest of FY 2021. This total increase would slightly exceed the 27% caseload increase during the Great Recession.

Health Management Associates, a national health care consulting firm, has estimated Medicaid caseload growth of a comparable magnitude. Their model assumes that Arizona's Medicaid caseloads will increase between 14% and 29% by mid-to-late 2020 depending on the national level of unemployment.

The April forecast assumes overall net savings of \$(237) million in FY 2020 and \$(130) million in FY 2021. These net savings also include the impact of the enhanced Federal match on the

Developmental Disabilities Long Term Care program in DES. These estimates assume that the Federal emergency lasts until the end of FY 2021. If the federal emergency declaration is rescinded sooner, the FY 2021 savings would be less. For example, the state would have to spend approximately \$260 million above this April estimate in FY 2021 if the emergency ends in December 2020.

## Projected Ending Balances

The combined impact of reduced revenues and some offsetting Federal Medicaid dollars would produce a total projected cash shortfall of \$(1.1) billion by the end of FY 2021. (See Appendix C.) Of this amount, \$(638) million would be incurred in FY 2020, the result of both revenue reductions and spending adjustments, further altered by the deferral of individual income tax payments into FY 2021. The \$(1.1) billion shortfall assumes that this FY 2020 shortfall is rolled over into FY 2021 and added to another \$(462) million shortfall associated with FY 2021 alone. (See Table 2.) Given the epidemiological and economic uncertainties, this \$(1.1) billion estimate is exceedingly tentative -- the likely range of the shortfall could be off by \$500 million in either direction.

Table 2	
Projected '21 Cash Shortfall	
	\$ in M
Incurred during '20	(638)
Incurred during '21	(462)
<b>Total Shortfall</b>	<b>(1,100)</b>

## Potential Approaches

### FY 2020 and FY 2021

The Arizona Constitution allows incurred deficits to be paid in the following year, so the Legislature is not required to solve the \$(638) million shortfall by the end of FY 2020. For example, at the end of FY 2009, the state chose to roll its negative ending balance into FY 2010 and solve it as part of those changes. The state could take that same approach with any FY 2020 shortfall, choosing to roll the problem into FY 2021.

Another option would be to statutorily withdraw monies from the Budget Stabilization Fund, which currently has a balance of \$973 million. The actual shortfall, however, will not be known until after the end of the fiscal year. Once this year-end data is available, this option would authorize the JLBC Staff and OSPB to determine a transfer amount that will result in an FY 2020 ending balance of \$1 million. The state used this approach at the end of the FY 2008 budget.

There are at least 3 other ways the state could choose to address an FY 2020 shortfall:

- Use additional federal funds: *See discussion below.*
- Fund transfers: It may be preferable to use these in FY 2021 once we have a better idea of the overall scope of the problem.

- Agency budget reductions: Such reductions are usually hard to implement at the end of a fiscal year. The options, too, may be more suited for consideration in FY 2021.

If the state were to roll over the \$(638) million FY 2020 shortfall into FY 2021, resulting in a total \$(1.1) billion shortfall, the Legislature would have at least the following options:

- Use up to \$973 million of Budget Stabilization Fund monies
- Use federal monies allocated for COVID-19 response
- Fund transfers
- Make revenue and spending adjustments

### Federal Funds

There are 2 main potential sources of federal funding that could offset portions of the shortfall: 1) the federal Coronavirus Relief Fund, and 2) education federal relief funds.

- Federal Coronavirus Relief Fund: Authorized by the [“COVID 3” Federal legislation](#), this \$1.6 billion allocation for the state is limited to reimbursing COVID-related spending and as such would be much less flexible than depositing these monies directly into the General Fund. At a minimum, however, the \$50 million General Fund appropriation into the state’s own Crisis Contingency and Safety Net Fund would be reimbursable by this fund.
- Education Federal Relief Funds: The “COVID 3” Federal legislation created 3 additional new funds for states, all subject to “Maintenance of Effort” (MOE) requirements. MOE requires the state’s current budget to at least continue spending at the level of its average expenditure level in FY 2017 – FY 2019. The legislation provides Arizona the following amounts:
  - \$277 million for a K-12 Emergency Relief Fund. Arizona currently spends \$866 million above the MOE level, so Arizona could use all \$277 million to supplant or supplement K-12 spending.
  - \$190 million for a Higher Education Emergency Relief Fund. Of this amount, an estimated \$118 million would be distributed to public universities and \$72 million would be distributed to community colleges. (Additional amounts would go to private institutions.) Arizona currently spends \$11 million above the MOE level.
  - \$69 million for a Governor’s Emergency Education Relief Fund. The Governor determines the allocation of these funds, which can be used for any level of education, including child care. These monies are only available if the state meets both its K-12 and Higher Education MOE levels.

### **Next Steps**

We would face a significant challenge in crafting a specific solution to a shortfall in the very near term when the magnitude of the problem is uncertain. By early June, we will have more data to assess the scope of the problem, including April and May withholding and April TPT collections. We plan to revisit the forecast at least once by June. Between now and then, the Legislature could begin to consider potential solution sets which could be implemented near the beginning of the fiscal year.

**April 9, 2020 FAC 4-Sector Consensus With Deferral**

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b><u>Sales Tax</u></b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA - Low	-5.1%	3.1%	6.4%	6.6%
UA - Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
<b>Average:</b>	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.4%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Forecast	-18.6%	26.4%	-3.5%	7.5%
UA - Low	-17.3%	24.6%	-4.1%	4.9%
UA - Base	-16.3%	27.5%	-2.9%	5.3%
FAC	-16.9%	26.1%	-3.3%	5.3%
<b>Average:</b>	<b>-17.3%</b>	<b>26.1%</b>	<b>-3.4%</b>	<b>5.8%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA - Low	5.0%	-3.2%	10.1%	5.0%
UA - Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
<b>Average:</b>	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b><u>Insurance Premium Tax</u></b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA - Low	-2.2%	3.5%	2.2%	2.1%
UA - Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
<b>Average:</b>	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>
<b>JLBC Weighted Average:</b>	<b>-9.8%</b>	<b>10.8%</b>	<b>2.8%</b>	<b>7.2%</b>
<b>UA Low Weighted Average:</b>	<b>-10.0%</b>	<b>11.6%</b>	<b>1.5%</b>	<b>5.6%</b>
<b>UA Base Weighted Average:</b>	<b>-8.5%</b>	<b>13.9%</b>	<b>2.4%</b>	<b>4.5%</b>
<b>FAC Consensus Weighted Average:</b>	<b>-7.3%</b>	<b>12.4%</b>	<b>1.5%</b>	<b>4.9%</b>
<b>"Big-4" Weighted Average:</b>	<b>-8.9%</b>	<b>12.2%</b>	<b>2.1%</b>	<b>5.5%</b>
<b>Consensus Weighted Average: *</b>	<b>-8.5%</b>	<b>11.0%</b>	<b>1.9%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories

**April 9, 2020 FAC 4-Sector Consensus Without Deferral**

	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b><u>Sales Tax</u></b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA - Low	-5.1%	3.1%	6.4%	6.6%
UA - Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
<b>Average:</b>	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.4%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Forecast	-5.1%	-5.7%	11.1%	7.5%
UA - Low	-4.1%	-6.4%	10.0%	4.9%
UA - Base	-3.0%	-3.6%	10.9%	5.3%
FAC	-2.9%	-6.4%	11.6%	5.3%
<b>Average:</b>	<b>-3.8%</b>	<b>-5.5%</b>	<b>10.9%</b>	<b>5.8%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA - Low	5.0%	-3.2%	10.1%	5.0%
UA - Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
<b>Average:</b>	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b><u>Insurance Premium Tax</u></b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA - Low	-2.2%	3.5%	2.2%	2.1%
UA - Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
<b>Average:</b>	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>
<b>JLBC Weighted Average:</b>	<b>-3.8%</b>	<b>-2.4%</b>	<b>9.5%</b>	<b>7.2%</b>
<b>UA Low Weighted Average:</b>	<b>-4.0%</b>	<b>-1.5%</b>	<b>7.9%</b>	<b>5.6%</b>
<b>UA Base Weighted Average:</b>	<b>-2.6%</b>	<b>0.8%</b>	<b>8.6%</b>	<b>4.5%</b>
<b>FAC Consensus Weighted Average:</b>	<b>-1.0%</b>	<b>-1.0%</b>	<b>8.0%</b>	<b>4.9%</b>
<b>"Big-4" Weighted Average:</b>	<b>-2.9%</b>	<b>-1.0%</b>	<b>8.5%</b>	<b>5.5%</b>
<b>Consensus Weighted Average: *</b>	<b>-2.8%</b>	<b>-1.5%</b>	<b>8.0%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories

# April 2020 4-Sector Forecast With Deferral

Appendix B1  
(With Deferral)

## GENERAL FUND REVENUE - FY 2019 - FY 2021

FORECAST REVENUE GROWTH (\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,144,637.5	-17.3%	(864,383.1)	5,228,342.7	26.1%	1,083,705.2
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Taxes	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,273,681.9	-8.9%	(997,766.1)	11,513,530.0	12.1%	1,239,848.1
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>10,797,044.7</b>	<b>-8.5%</b>	<b>(1,009,065.7)</b>	<b>11,981,215.6</b>	<b>11.0%</b>	<b>1,184,170.9</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,059,471.1</b>	<b>-9.6%</b>	<b>(1,071,834.9)</b>	<b>11,152,722.9</b>	<b>10.9%</b>	<b>1,093,251.8</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,150,311.8</b>	<b>-9.6%</b>	<b>(1,081,420.0)</b>	<b>11,169,422.9</b>	<b>10.0%</b>	<b>1,019,111.1</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	(638,220.0)	N/A	(1,595,461.0)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,107,552.8</b>	<b>-4.9%</b>	<b>(573,811.0)</b>	<b>10,531,202.9</b>	<b>-5.2%</b>	<b>(576,349.9)</b>

## April 2020 4-Sector Forecast With Deferral

Appendix B1  
(With Deferral)

### GENERAL FUND REVENUE - FY 2022 - FY 2023

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	-3.4%	(179,332.1)	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	2.1%	244,720.3	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>1.9%</b>	<b>227,226.1</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>3.2%</b>	<b>354,077.6</b>	<b>12,010,559.8</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>3.3%</b>	<b>374,077.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	N/A	638,220.0	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>

# April 2020 4-Sector Forecast Without Deferral

Appendix B2  
(Without Deferral)

## GENERAL FUND REVENUE - FY 2019 - FY 2021

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,820,141.6	-3.8%	(188,879.0)	4,552,838.6	-5.5%	(267,303.0)
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Tax b	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,949,186.0	-2.9%	(322,262.0)	10,838,025.9	-1.0%	(111,160.1)
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>11,472,548.8</b>	<b>-2.8%</b>	<b>(333,561.6)</b>	<b>11,305,711.5</b>	<b>-1.5%</b>	<b>(166,837.3)</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,734,975.2</b>	<b>-3.6%</b>	<b>(396,330.8)</b>	<b>10,477,218.8</b>	<b>-2.4%</b>	<b>(257,756.4)</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,825,815.9</b>	<b>-3.6%</b>	<b>(405,915.9)</b>	<b>10,493,918.8</b>	<b>-3.1%</b>	<b>(331,897.1)</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	37,284.1	-96.1%	(919,956.9)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,783,056.9</b>	<b>0.9%</b>	<b>101,693.1</b>	<b>10,531,202.9</b>	<b>-10.6%</b>	<b>(1,251,854.0)</b>

# April 2020 4-Sector Forecast Without Deferral

Appendix B2  
(Without Deferral)

## GENERAL FUND REVENUE - FY 2022 - FY 2023

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	10.9%	496,172.0	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	8.5%	920,224.4	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>8.0%</b>	<b>902,730.2</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>9.8%</b>	<b>1,029,581.7</b>	<b>12,010,559.9</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>10.0%</b>	<b>1,049,581.7</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	-100.0%	(37,284.1)	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>

**Statement of General Fund Revenues and Expenditures 1/  
With One-Time Financing Sources**

**Appendix C**

	<b>FY 2020 April FAC</b>	<b>FY 2021 April FAC</b>	<b>FY 2022 April FAC</b>	<b>FY 2023 April FAC</b>
<b>REVENUES</b>				
Ongoing Revenues	\$10,797,044,700	\$11,981,215,600	\$12,208,441,700	\$12,869,798,700
Urban Revenue Sharing	(737,573,600)	(828,492,700)	(701,641,200)	(859,238,900)
Net Ongoing Revenues	\$10,059,471,100	\$11,152,722,900	\$11,506,800,500	\$12,010,559,800
One-time Financing Sources				
Balance Forward	957,241,000	(638,220,000)		
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	(\$621,520,000)	\$36,700,000	\$16,700,000
<b>Total Revenues</b>	<b>\$11,107,552,800</b>	<b>\$10,531,202,900</b>	<b>\$11,543,500,500</b>	<b>\$12,027,259,800</b>
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$10,838,429,200	\$11,469,518,500	\$12,002,878,300	\$12,350,613,100
FY 2020 Supplementals/Ex-Approp.	46,459,700			
Enhanced FMAP/Caseload Adjustments	(237,000,000)	(130,000,000)	415,000,000	260,000,000
Administrative Adjustments	128,000,000	146,000,000	155,000,000	162,000,000
Revertments	(173,000,000)	(184,000,000)	(192,000,000)	(198,000,000)
Subtotal Ongoing Expenditures	\$10,602,888,900	\$11,301,518,500	\$12,380,878,300	\$12,574,613,100
One-time Expenditures				
Capital Outlay	4,575,000	11,000,000		
Transportation Funding	95,310,000			
Reduce K-12 Rollover (Enacted)			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	275,373,600	120,370,000	76,876,700
FY 2020 One-Time Supplementals	80,616,900			
Additional (27th) Pay Period		43,078,600	20,052,100	
Subtotal One-time Expenditures	\$1,142,883,900	\$329,452,200	\$170,422,100	\$76,876,700
<b>Total Expenditures</b>	<b>\$11,745,772,800</b>	<b>\$11,630,970,700</b>	<b>\$12,551,300,400</b>	<b>\$12,651,489,800</b>
<b>Ending Balance <u>2/</u></b>	<b>(\$638,220,000)</b>	<b>(\$1,099,767,800)</b>	<b>(\$1,007,799,900)</b>	<b>(\$624,230,000)</b>
<b>Ongoing Balance <u>3/</u></b>	<b>(\$543,417,800)</b>	<b>(\$148,795,600)</b>	<b>(\$874,077,800)</b>	<b>(\$564,053,300)</b>

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

2/ This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

3/ This calculation reflects the difference between ongoing revenues and ongoing expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.