



PARTICIPATING CANDIDATE GUIDE

2012 Election Cycle

CITIZENS CLEAN ELECTIONS COMMISSION

1616 W. Adams, Suite 110

Phoenix, Arizona 85007

602-364-3477 | toll free: 1-877-631-8891

ccec@azcleelections.gov | www.azcleelections.gov

What is a Participating Candidate?

A participating candidate is an individual who has decided to run in 2012 for a statewide office or the Legislature, agrees not to accept special interest monies and adheres to the Citizens Clean Elections Act and commission rules. In return, the participating candidate will receive funding from the Citizens Clean Elections Fund. In order for a candidate to receive funding, the participating candidate must collect a specified number of \$5 Qualifying Contributions from registered voters within his or her district for a legislative candidate or registered voters in Arizona for a statewide candidate.

Limitations Applicable to Participating Candidates

Early Contribution Limits (Collected and spent during 11/3/2010 - 8/23/2012)

- Individuals may contribute up to a maximum of \$150.
- Contributions from political action committees (PACs), businesses, corporations, political parties and labor unions are prohibited.
- Candidates may contribute his or her personal funds up to a maximum amount of \$670 for candidates for the legislature and \$1,330 for candidates for statewide offices. The personal contribution limit includes contributions received from certain family members. See page 18 for a list of family members.
- Candidates' total early contributions must not exceed the limit specified below.
- A traditional candidate who later chooses to run as a participating candidate may not have spent contributions exceeding the individual early contribution limit of \$150 or exceeding the aggregate early contribution limit for the specified office.

Corporation Commission	Legislature
\$22,969	\$3,589

- **\$5 Qualifying Contributions** (Collected during 8/1/11 – 8/23/12 for candidates for statewide offices 1/1/12 – 8/23/12 for candidates for the Legislature)
- Candidates must collect a minimum of \$5 qualifying contributions listed below.

Corporation Commission	Legislature
1,650	220

Training Workshops & Debates

- A participating candidate is required to attend a Commission's training workshop.
- A participating candidate must attend a Commission sponsored debate.

Expenditures

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

Candidate Funding

- In 2012, candidates running for the following offices are eligible to apply for Clean Elections funding.

Election Funding	Corporation Commission	Legislature
Primary	\$91,874	\$14,355
General	\$137,811	\$21,533

important dates

Citizens Clean Elections Commission

EVENT	EVENT
Primary Election: August 28, 2012	Candidate Statement Pamphlet Submission Deadline (due no later than midnight of deadline)
Early Voting Begins: August 2, 2012	Primary Candidate Statement Pamphlet: June 25, 2012
General Election: November 6, 2012	General Candidate Statement Pamphlet: September 1, 2012
Early Voting Begin: October 11, 2012	Qualifying Period Begins: 8/1/2011 for statewide candidates and 1/1/2012 for legislative candidates.
Candidate Nomination Petitions	Qualifying Period Ends: 8/23/2012
First day to file: April 30, 2012	Deadline to Submit \$5 Qualifying Contributions: 8/30/2012
Last day to file: May 30, 2012 at 5:00 p.m.	

Campaign Finance Reporting Dates

NAME OF REPORT	TIME PERIOD COVERED IN REPORT	REPORT DUE BETWEEN—FILED WITH SECRETARY OF STATE
January 31 report	Nov 23, 2010 through Dec 31, 2011	January 1, 2012 through January 31, 2012
Application for Certification report (Participating Candidates Only)	Covering all campaign transactions to date. Only required if application is filed after filing the statement of organization.	Due at the time of filing Application for Certification.
June 30 report	January 1, 2012 through May 31, 2012	June 1, 2012 through July 2, 2012
Qualifying Contributions report	Reporting all \$5 qualifying contributions being submitted for verification.	Due at the time of filing Qualifying Contributions
Pre-Primary report	June 1, 2012 through August 8, 2012	August 9, 2012 through August 16, 2012
End of Qualifying Period report	Covering all campaign transactions through August 23, 2012. Any unspent early contributions must be sent to the Commission.	August 23, 2012
Return of Primary Funds report	Covering all campaign transactions through primary election day. Any unspent monies must be returned to the Commission within 5 days of the primary election.	September 2, 2012
Post-Primary report	August 9, 2012 through September 17, 2012	September 18, 2012 through September 27, 2012
Pre-General report	September 18, 2012 through October 17, 2012	October 18, 2012 through October 25, 2012
Post-General report	October 18, 2012 through November 26, 2012	November 27, 2012 through December 6, 2012
Return of General Funds	Covering all campaign transactions to general election day. Any unspent monies must be returned to the Commission. Filed in conjunction with the Post-General report.	December 6, 2012

Welcome to Arizona's Citizens Clean Elections Commission Participating Candidate Guide for the 2011-2012 election cycle. This Guide was created to provide information to participating candidates running for the Legislature or a statewide office.

The Citizens Clean Elections Act (Act) is a campaign finance reform measure that was initiated by Arizona citizens and passed by voters in 1998. The Act created a new campaign financing system that provides funding to qualified candidates who agree to abide by the Act and Citizens Clean Elections Commission (Commission) rules. Participating candidates for a statewide office and the Legislature are eligible to participate in the Clean Elections program for the 2012 election.

This Guide is intended solely as a reference. Every effort has been made to present accurate and reliable information, however, information contained in this Guide may change periodically. Please take note that the information contained herein should not be considered as having the same weight and authority as the Arizona Revised Statutes and established court decisions or Attorney General Opinions. In the event any information conflicts, this Guide is not controlling and users must instead follow relevant legal authority. The information contained in this Guide is not a satisfactory substitute for legal counsel. If you believe that you or your committee could be adversely affected in any matter relating to the subject matter contained herein, you should seek the professional assistance of an attorney.

The Guide is available in alternate formats. Persons who need information about the Guide in alternate formats should call the Commission, or e-mail Michael Becker at michael.becker@azcleelections.gov.

If you have questions, please do not hesitate to contact us at 602-364-3477, toll free at 1-877-631-8891, or email us at cccc@azcleelections.gov. We look forward to working with you.

Commissioners

Jeffrey Fairman (D)

Lori S. Daniels (R)

Louis Hoffman (D)

Timothy J. Reckart (R)

Thomas J. Koester (I)

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Chapter 1 – How to Become A Participating Candidate

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This chapter guides individuals interested in becoming a participating candidate through the preliminary steps on how to become a participating candidate. The candidate will receive essential information regarding the Statement of Organization, the Application for Certification and nominating papers and petitions.

Individuals interested in running for statewide office or the Legislature must file a **Statement of Organization** with the Secretary of State's office. Each candidate who intends to receive contributions or make expenditures of \$500 or more shall file a Statement of Organization in order to establish the candidate's campaign committee. Only a candidate who has filed a Statement of Organization and has established a candidate's campaign committee can qualify for the ballot and become eligible as a participating candidate. An individual must file a **Statement of Organization** before:

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



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

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

Prior Campaign Accounts

Remaining monies from a prior campaign may be transferred to the candidate's current campaign account. Monies transferred to the current campaign account shall not exceed \$150 per individual. No contributions from PACs, businesses, political parties, labor unions, or corporations may be transferred.

Statement of Organization

				STATE OF ARIZONA POLITICAL COMMITTEE STATEMENT OF ORGANIZATION	
<input checked="" type="checkbox"/> Initial Registration <input type="checkbox"/> Amended Statement <input type="checkbox"/> Out of State Committee <input type="checkbox"/> Standing Political Committee		Titles 16 & 19, Arizona Revised Statutes Definitions, statutory references and important information on page 2.		COMMITTEE ID NUMBER 201012345	
NAME OF POLITICAL COMMITTEE (For ballot measure committee, name shall include official petition serial number)		DATE 3/25/2010		JOE CANDIDATE	
TYPE OF COMMITTEE CANDIDATE (PARTICIPATING)		BALLOT MEASURE		<input type="checkbox"/> SUPPORT <input type="checkbox"/> OPPOSE	
COMMITTEE ADDRESS 123 USA STREET		CITY YOUR CITY		STATE ZIP AZ 85000	
COMMITTEE MAILING ADDRESS (if different from above) 123 USA STREET		CITY YOUR CITY		STATE ZIP AZ 85000	
COMMITTEE TELEPHONE # (602) 555-0000		COMMITTEE FAX # (602) 555-0001		COMMITTEE EMAIL ADDRESS ELECTCANDIDATE@AZCLEANLECTIONS.GOV	
NAME OF SPONSORING ORGANIZATION (if applicable)		TYPE OF ORGANIZATION		ADDRESS OF SPONSORING ORGANIZATION	
RELATIONSHIP TO POLITICAL COMMITTEE		EACH POLITICAL COMMITTEE SHALL HAVE A CHAIRMAN AND TREASURER. THE POSITION OF CHAIRMAN AND TREASURER OF A SINGLE POLITICAL COMMITTEE MAY NOT BE HELD BY THE SAME INDIVIDUAL, EXCEPT THAT A CANDIDATE MAY BE CHAIRMAN AND TREASURER OF HIS OR HER OWN CAMPAIGN COMMITTEE. A.R.S. § 16-902(A).			
NAME OF COMMITTEE CHAIRMAN JOE CANDIDATE		CHAIRMAN'S TELEPHONE # (602) 555-0000		CHAIRMAN'S FAX # (602) 555-0001	
CHAIRMAN'S ADDRESS 123 USA STREET		CITY PHOENIX		STATE ZIP AZ 85000	
CHAIRMAN'S OCCUPATION ADMINISTRATOR		CHAIRMAN'S EMPLOYER ADMINISTRATION COMPANY		CHAIRMAN'S EMAIL ADDRESS ELECTCANDIDATE@AZCLEANLECTIONS.GOV	
NAME OF COMMITTEE TREASURER JOE CANDIDATE		TREASURER'S TELEPHONE # (602) 555-0000		TREASURER'S FAX # (602) 555-0001	
TREASURER'S ADDRESS 123 USA STREET		CITY PHOENIX		STATE ZIP AZ 85000	
TREASURER'S OCCUPATION ADMINISTRATOR		TREASURER'S EMPLOYER ADMINISTRATION COMPANY		TREASURER'S EMAIL ADDRESS ELECTCANDIDATE@AZCLEANLECTIONS.GOV	
BEFORE A COMMITTEE ACCEPTS A CONTRIBUTION OR MAKES AN EXPENDITURE IT SHALL DESIGNATE AT LEAST ONE ACCOUNT AT A QUALIFIED FINANCIAL INSTITUTION. A.R.S. § 16-902(D). LIST THE NAMES OF ALL FINANCIAL INSTITUTIONS WITH WHICH THE COMMITTEE MAINTAINS ACCOUNTS OR SAFETY DEPOSIT BOXES. (Do not list account numbers.)					
1. BANK OF AMERICA		2.		3.	
FOR A CANDIDATE'S CAMPAIGN COMMITTEE OR AN EXPLORATORY COMMITTEE, PROVIDE THE FOLLOWING INFORMATION: (For Exploratory Committee party affiliation and office sought are optional.)					
NAME OF CANDIDATE OR DESIGNATING INDIVIDUAL ("DI") JOE CANDIDATE		ELECTION CYCLE 2008		COUNTY OF RESIDENCE MARICOPA	
CANDIDATE OR DI'S TELEPHONE # (602) 555-0000		CANDIDATE OR DI'S FAX # (602) 555-0001		CITY PHOENIX	
CANDIDATE OR DI'S ADDRESS 123 USA STREET		STATE AZ		ZIP 85000	
CANDIDATE OR DI'S EMAIL ADDRESS ELECTCANDIDATE@AZCLEANLECTIONS.GOV		PARTY AFFILIATION REPUBLICAN		OFFICE SOUGHT STATE SENATOR - DISTRICT NO. 30	

Committee ID: 201012345 Date: 3/25/2010 Form ID: 000018423				STATE OF ARIZONA POLITICAL COMMITTEE STATEMENT OF ORGANIZATION	
YOUR APPLICATION IS NOT COMPLETE WITHOUT THE REQUIRED SIGNATURES BELOW:					
BOX 1 All committees require the signature of both the chairman and treasurer. Standing Committees, see BOX 3 below.					
CHAIRMAN'S AND TREASURER'S STATEMENT: We, the undersigned, have examined the information contained in this statement of organization and, to the best of our knowledge and belief, it is true, correct and complete.					
Date: 3/25/2010		Chairman's signature: Joe Candidate			
Date: 3/25/2010		Treasurer's signature: Joe Candidate			
BOX 2 Complete and sign this additional box only if the committee is a candidate's campaign committee or exploratory committee.					
DESIGNATING INDIVIDUAL OR CANDIDATE'S STATEMENT: I authorize the above-named political committee as my political committee to receive contributions and make expenditures on my behalf.					
Date: 3/25/2010		DI's or Candidate's signature: Joe Candidate			
BOX 3 Complete and notify this box only if the committee has been in existence for more than one year and is filing for Standing Committee status.					
STANDING POLITICAL COMMITTEE'S STATEMENT (if applicable) (A.R.S. § 16-902.1): I/we hereby declare the status of this political committee as a standing political committee.					
Date: _____		Chairman's signature: _____			
Date: _____		Treasurer's signature: _____			
State of Arizona)) ss.		State of Arizona)) ss.			
County of _____		County of _____			
SUBSCRIBED AND SWORN TO before me this _____			SUBSCRIBED AND SWORN TO before me this _____		
Notary Public: _____		My Commission Expires: _____		Notary Public: _____	
My Commission Expires: _____					
DEFINITION OF POLITICAL COMMITTEE: A.R.S. § 16-901(19) "Political committee" means a candidate or any association or combination of persons that is organized, conducted or combine d for the purpose of influencing the result of any election or to determine whether an individual will become a candidate for election in this state or in any county, city, town, district or precinct in this state, that engages in political activity in both all of or against a candidate for election or reelection or in support of or opposition to an initiative, referendum or recall or any other measure or proposition and that applies for a serial number and circulates petitions and, in the case of a candidate for public office except those exempt pursuant to section 16-903, that receives contributions or makes expenditures in connection therewith, notwithstanding that the association or combination of persons may be a part of a larger association, combination of persons or sponsoring organization not primarily organized, conducted or combined for the purpose of influencing the result of any election in this state or in any county, city, town or precinct in this state.					
NOTE FOR INDIVIDUALS INVOLVED IN POLITICAL ACTIVITIES: An individual, acting alone, is not a political committee under Arizona law and need not file a statement of organization. If any additional persons join the effort (as defined above in A.R.S. § 16-901(19)) begun by an individual, the association of persons has become a "political committee" under Arizona law, and must file a statement of organization before accepting contributions, making expenditures, distributing literature or circulating petitions. A.R.S. § 16-902.01(A).					
NOTE FOR THOSE INVOLVED IN INITIATIVE, REFERENDUM AND RECALL EFFORTS: Before circulating initiative, referendum or recall petitions, a political committee must file its statement of organization with the appropriate filing office. Signatures obtained on petitions prior to the filing of the statement of organization are void and shall not be counted in determining the legal sufficiency.					

Application for Certification as a Participating Candidate

Candidates must file an “Application for Certification as a Participating Candidate” with the Secretary of State’s office before the end of the qualifying period, August 23, 2012. The form is available through the campaign finance reporting system, <https://www.azsos.gov/cfs2/Login.aspx>. The Secretary of State’s office shall forward a copy of the completed application to the Commission.

At the time of filing the application the candidate must file a campaign finance report disclosing all contributions and expenditures to date, if applicable. Contributions shall not exceed \$150 per individual. Contributions from PACs, labor unions, businesses, political parties or corporations are prohibited. **Refunds of all contributions in excess of the contribution limit or from PACs, labor unions, businesses, political parties and corporations must be made prior to the filing of the Application for Certification and subsequent campaign finance report.**

A candidate is not eligible to become a participating candidate if he or she has **spent** contributions exceeding the aggregate early contribution limit (see table below) or in excess of the personal contribution limit (\$670 for candidates for the Legislature and \$1,330 for candidates for statewide office).

Corporation Commission	Legislature
\$22,969	\$3,589

The Commission will approve or deny the application within seven calendar days. The Commission will notify the candidate of whether or not he or she has been certified as a participating candidate. Once certified, the candidate is held to all laws and rules governing participating candidates.

Important Information about the Application for Certification

- The candidate may designate an authorized individual to receive the candidate funding from the Commission’s office.
- The Application for Certification must be notarized.
- If information on the application changes, a new Application for Certification must be filed with the Secretary of State’s office, indicating an amendment.

Application for Certification

 000019002 <input type="checkbox"/> Initial Application <input type="checkbox"/> Amended Application		 STATE OF ARIZONA APPLICATION FOR CERTIFICATION AS A PARTICIPATING CANDIDATE	
Pursuant to Arizona Revised Statutes §§ 16-947 and 948 and AAC R2-20-104 (D)		COMMITTEE ID NUMBER 20102345	
NAME OF CANDIDATE JOE CANDIDATE		DATE 3/25/2010	
OFFICE SOUGHT STATE SENATOR - DISTRICT NO. 39	PARTY AFFILIATION REPUBLICAN	ELECTION CYCLE 2008	
CANDIDATE'S ADDRESS 123 USA STREET		CITY PHOENIX	STATE ZIP AZ 85000
CANDIDATE'S TELEPHONE # (602) 555-0900	CANDIDATE'S FAX # (602) 555-0001	CANDIDATE'S EMAIL ADDRESS ELECTCANDIDATE@ARIZCLEANELECTIONS.GOV	
NAME OF POLITICAL COMMITTEE JOE CANDIDATE			
COMMITTEE ADDRESS 123 USA STREET		CITY YOUR CITY	STATE ZIP AZ 85000
COMMITTEE MAILING ADDRESS (if different from above) 123 USA STREET		CITY YOUR CITY	STATE ZIP AZ 85000
COMMITTEE TELEPHONE # (602) 555-0900	COMMITTEE FAX # (602) 555-0001	COMMITTEE EMAIL ADDRESS ELECTCANDIDATE@ARIZCLEANELECTIONS.GOV	
NAME OF DESIGNATED INDIVIDUAL WITH AUTHORITY TO WITHDRAW FUNDS (IF APPLICABLE) (A.R.S. §16-948)			
DESIGNATED INDIVIDUAL'S ADDRESS		CITY	STATE ZIP
DESIGNATED INDIVIDUAL'S TELEPHONE #	DESIGNATED INDIVIDUAL'S FAX #	DESIGNATED INDIVIDUAL'S EMAIL	
LIST THE NAME OF THE FINANCIAL INSTITUTION FROM WHICH THE CANDIDATE AND THE DESIGNATED INDIVIDUAL WILL CONDUCT ALL FINANCIAL ACTIVITY FOR THE CANDIDATE'S CAMPAIGN COMMITTEE (Do not list account numbers). (A.R.S. §16-948(A))			
NAME OF FINANCIAL INSTITUTION BANK OF AMERICA			
DESIGNATED CANDIDATE'S STATEMENT (if applicable) (A.R.S. §16-948(B)): I hereby designate <u>Joanne Candidate</u> as my duly authorized Designated Individual, with the authority to withdraw funds and make expenditures from my campaign account on my behalf.			
 Candidate's Signature		3/25/2010 Date	

Committee ID: 20102345 Date: 3/25/2010 Form ID: 000019002	Application for Certification - Part II
CANDIDATE AND DESIGNATED INDIVIDUAL'S STATEMENT (A.R.S. §16-947): I, the undersigned, upon my oath and under penalty of perjury, certify that the following statements are true and accurate to the best of my knowledge and belief:	
1. I have complied with the restrictions of A.R.S. §16-941 (A) during the election cycle to date, which are as follows: a) Not accepted contributions other than early contributions as specified in A.R.S. §16-845; b) Not made expenditures that exceed the candidate's personal money limit; and c) Conducted all financial activity through a single campaign account.	
2. I will continue to comply with the restrictions in paragraph 1 during the remainder of the election cycle and will: a) Not make expenditures in the primary election period in excess of the adjusted primary election spending limit; b) Not make expenditures in the general election period in excess of the adjusted general election spending limit; and c) Return unused monies to the fund in accordance with A.R.S. § 16-853.	
3. I have filed all campaign finance reports required under Title 16, Chapter 5, Article I, during the election cycle to date, and the reports are complete and accurate.	
4. I agree to use all Clean Election Funding for direct campaign purposes only.	
5. I will file, with this application, a campaign finance report showing all campaign activity to date in the current election cycle.	
6. I will comply with all requirements of the Act and Commission rules.	
7. I am subject to all enforcement actions by the Commission as authorized by the Act and Commission rules.	
8. I have the burden of proving that expenditures made by or on behalf of the candidate were for direct campaign purposes.	
9. I will keep and furnish to the Commission all documentation relating to expenditures, receipts, funding, books, records (including bank records for all accounts), and supporting documentation and other information that the Commission may request in accordance with Commission rules.	
10. I will permit an audit and examination of all receipts and expenditures including those made by the candidate, the candidate's authorized committee, or any agent or person authorized to make expenditures on behalf of the candidate or committee. The candidate and the candidate's authorized committee shall also provide any material required in connection with an audit, investigation, or examination conducted by the Commission. The candidate and authorized committee shall facilitate the audit and examination and shall pay any amounts required to be repaid.	
11. I will submit the name and mailing address of the person who is entitled to receive equalizing fund payments on behalf of the candidate and the name and address of the campaign depository designated by the candidate. Changes in the information required by this paragraph shall not be effective until submitted to the Commission in a letter signed by the candidate or the committee treasurer.	
12. I will pay any civil penalties included in a conciliation agreement or otherwise imposed against the candidate.	
13. I will file all campaign finance reports with the Secretary of State in an electronic format in a timely manner.	
State of Arizona) County of _____) ss.	State of Arizona) County of _____) ss.
Candidate's Signature _____	Designated Individual's Signature _____
SUBSCRIBED AND SWORN TO before me this ____ day of _____, 20____.	SUBSCRIBED AND SWORN TO before me this ____ day of _____, 20____.
Notary Public _____	Notary Public _____
THIS FORM MUST BE NOTARIZED	

Nomination Petitions & Papers (Filed April 30, 2012 through May 30, 2012)

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

- For the primary election period, must have properly filed nominating papers and nominating petitions with signatures in the primary election of a political party entitled to continued representation on the official ballot.
- For the general election period, must be a party nominee of a political party recognized on the official ballot.

Resign to Run Law

The resign to run law applies to incumbent elected officers who seek election to any public office other than the office that the incumbent is currently holding. If an elected official wishes to declare his or her candidacy anytime before the final year of the term being held, the officeholder must first resign his or her office. An elected official is not deemed to have offered himself or herself for nomination or election to an office or to have made a formal, public declaration of candidacy solely by his or her designation of a candidate campaign committee.

Participating Candidates May File Prior to April 30, 2012

Any time after January 1, 2012, a participating candidate who is ready to apply for funding may file his or her nominating petitions and signatures early, instead of waiting until April 30, 2012. **The nominating petitions and signatures must be filed with the Secretary of State’s office at the same time the candidate submits his or her \$5 qualifying contributions.**

Changing Participation Status

A candidate who has been certified as a participating candidate may withdraw from participation. **However, a candidate may not withdraw from participation once he or she has been approved for funding.**

If a candidate wishes to withdraw from participation, the candidate shall:

- Send a letter to the Commission stating the candidate’s intent to withdraw and the reason for the withdrawal.
- Not accept any private monies until the withdrawal is approved by the Commission.

The Commission shall act on the withdrawal request within seven days. If the Commission takes no action in the 7-day time period, the withdrawal is automatic.

A candidate whose withdrawal has been approved shall:

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

Act & Rules References for Chapter 1

Statement of Organization A.R.S. § 16-903	Certification as Participating Candidate A.R.S. § 16-947 A.A.C. R2-20-104	Prior Campaign Accounts A.A.C. R2-20-104 A.A.C. R2-20-110	Resign to Run A.R.S. § 38-296	Nomination Paper & Petitions A.R.S. § 16-950	Changing Participation Status A.A.C. R2-20-108
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2

Chapter 2 – Collecting \$5 Qualifying Contributions

This chapter explains the process of collecting the \$5 qualifying contributions to qualify for Clean Elections funding.

Qualifying Period

The qualifying period is the time in which candidates may begin collecting \$5 qualifying contributions. Candidates must obtain a minimum number of qualifying contributions before the end of this period in order to be approved for funding.

The qualifying period begins August 1, 2011 and ends August 23, 2012 for candidates for statewide office and begins January 1, 2012 and ends August 23, 2012 for candidates for the Legislature. **Candidates may not solicit \$5 qualifying contributions until the qualifying period begins.**

Qualifying Contributions

For the 2012 election cycle, the minimum number of \$5 qualifying contributions a candidate must receive is:

Corporation Commission	Legislature
1,650	220

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

Corporation Commission	Legislature
1,980	264


Qualifying Contributions must be:

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

Each \$5 qualifying contribution must be accompanied by a qualifying contribution form. The Commission has developed a 3-part form that is available free to participating candidates. The candidate may also develop his or her own \$5 qualifying contribution form. **This form must be submitted to the Commission for approval prior to use.** The form must include the name of the candidate; name, address, and original signature of the contributor; date of contribution; and the name and original signature of the solicitor.

\$5 Qualifying Contribution Form

Forms will be disqualified if unsigned by the contributor, undated, and/or signed by a person who is not registered to vote inside the electoral district of the office the candidate is seeking on the date specified on the form.



CITIZENS CLEAN ELECTIONS COMMISSION
QUALIFYING CONTRIBUTION FORM
FORMULARIO DE CONTRIBUIDOR AL FONDO DE
 CIUDADANOS PARA ELECCIONES LIMPIAS

\$5 Qualifying Contribution

For Office Use Only:
 Para Uso de Oficina

Reg. ID _____

District _____

CANDIDATE'S NAME (Please Print): Joe Candidate
Nombre del Candidato (Favor de escribir con letra de imprenta)

OFFICE SOUGHT (Include District for Legislative Office): State Senate, District 52
Cargo Buscado (Incluya el Distrito para un Cargo Legislativo)

CONTRIBUTOR'S NAME (Please Print): Joanne Candidate
Nombre del Contribuidor (Favor de escribir con letra de imprenta)

VOTER REGISTRATION ADDRESS **LEGISLATIVE DISTRICT:** District 52
Dirección de registro del votante Distrito Legislativo

STREET 123 USA St. **CITY** Your City **ZIP** 85000 **COUNTY** Your County
Calle Ciudad Código Postal Condado

E-MAIL ADDRESS joannecandidate@candidate.com
Dirección de Correo Electrónico

Joanne Candidate 2/14/2012
SIGNATURE OF CONTRIBUTOR DATE OF CONTRIBUTION
Firma del Contribuidor Fecha de la Contribución

SOLICITOR'S NAME (Please Print): Joe Candidate
Nombre del Solicitante (Favor de escribir con letra de imprenta)

STREET 123 USA St. **CITY** Your City **ZIP** 85000 **COUNTY** Your County
Calle Ciudad Código Postal Condado

I, the undersigned, upon my oath and under penalty of perjury, certify that I received a \$5.00 contribution from the above contributor, who is to the best of my information and knowledge, a qualified elector of this state.
Yo, el suscrito, bajo juramento y bajo pena de perjurio, certifico que recibí una contribución de \$5.00 del donante de arriba, quien es, a mi leal saber y entender, un elector calificado de este estado.

SIGNATURE OF SOLICITOR: _____
Firma del Solicitante

"I am exploring a candidacy for elected office. Your contribution is a measure of grassroots support for my potential candidacy. If I formally declare as a candidate, I will use your contribution for my campaign. I may use the contribution as a qualifying contribution if I opt to participate in the clean elections campaign finance system. If I choose not to run for office, this contribution will be returned to the contributor or remitted to the fund."
 "Estoy explorando una candidatura para un puesto electoral. Su contribución es una medida de apoyo local a mi candidatura potencial. Si declaro mi candidatura formalmente, usaré su contribución para mi campaña. Puedo usar la contribución como una contribución válida si decido participar en el sistema de finanzas de la campaña de elecciones limpias. Si decido no participar en la contienda por el puesto, esta contribución será devuelta al/a la contribuyente o remitida al fondo".

Rev. 12/09

File with the Office of the Secretary of State
 Presente a la Oficina del Secretario de Estado

Solicitation of the \$5 Qualifying Contributions

The solicitor is the individual who collects \$5 qualifying contributions on behalf of the candidate. In order to be a solicitor, the person must be eligible to be registered to vote in Arizona. Every resident of the state is qualified to register to vote if he or she:

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

The solicitor can be the candidate, the contributor or a volunteer. The solicitor **MAY NOT** be compensated to collect \$5 qualifying contributions. \$5 qualifying contributions may only be received from individuals registered to vote in the state of Arizona.

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

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

Unsolicited \$5 Qualifying Contributions

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

Contribution Prohibitions

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

Voter Registration

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

Examples of Ways To Collect \$5 Qualifying Contributions

- Have volunteers solicit \$5 qualifying contributions on behalf of the candidate.
- Host parties to receive \$5 qualifying contributions.
 - If an individual, including a candidate, hosts a party in his or her home, each adult in the household may spend up to a total of \$100 for invitations, food or beverages. The cost for those items are not considered contributions.
 - If the adult(s) in the household spends over \$100 total per adult for invitations, food or beverages, the cost must be reported as a contribution from the individual and is subject to individual contribution limits.
 - If the candidate pays for refreshments, the candidate must use campaign monies.
 - The candidate may not require a \$5 qualifying contribution from individuals attending the party.
- A candidate may post on his or her website a solicitation for \$5 qualifying contributions and the qualifying contribution form.
 - The website should direct visitors to download or print out the qualifying contribution form, complete it and return the completed form with the original signature and the \$5 contribution to the candidate.
- An individual may give a \$5 dollar qualifying contribution, a \$150 early contribution, as well as sign a nomination petition on behalf of the same candidate.
- Any expense incurred as a result of collecting \$5 qualifying contributions is considered to be a direct campaign expense and must be paid for out of the candidate’s campaign account.

Excess \$5 Qualifying Contributions

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

- The candidate may return the \$5 to the contributor; or
- The candidate may ask the contributor’s permission to keep the \$5 as an early contribution, provided that the contributor has not already reached the \$150 early contribution limit and the candidate has not already reached the aggregate contribution limit; or
- The candidate may send the \$5 to the Commission. Prior to submitting the excess \$5 qualifying contribution, the candidate must first deposit the check(s) into their campaign account and then write one check to the Commission.

Act & Rules References for Chapter 2

Qualifying Period	Qualifying Contributions	Number of Qualifying Contributions	Solicitation of Qualifying Contributions	Collecting Qualifying Contributions	Excess Qualifying Contributions
A.R.S. § 16-961(B)(3)	A.R.S. § 16-946 A.R.S. § 16-950(D) A.A.C. R2-20-105(B)	A.R.S. § 16-950(D) A.A.C. R2-20-105(I)	A.R.S. § 16-946 A.A.C. R2-20-105(C)	A.R.S. § 16-901(5)(B)(iii) A.R.S. § 16-946 A.A.C. R2-20-105(C)	A.A.C. R2-20-108(C)

3 Chapter 3 – Qualifying for Funding

This chapter explains the process for submitting the \$5 qualifying contributions to the Secretary of State’s office in order to qualify for Clean Elections funding.

Once a candidate has collected the required number of \$5 qualifying contributions (see p. 8), the candidate may apply for Clean Elections funding through the Secretary of State’s office **no later than August 30, 2012**. **Note: The Primary election is August 28, 2012.**

Applying for Funding

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

- Participating Candidate’s Application to Receive Funds and Qualifying Contributions Report. This form is available through the campaign finance reporting system, <https://www.azsos.gov/cfs2/Login.aspx>.
- Printed list of \$5 qualifying contributors sorted by county, generated from the Campaign Finance Reporting system.
- Original qualifying contribution forms sorted by county.
- A check from the candidate’s campaign account for the total amount of the \$5 qualifying contributions being submitted, made payable to the “Clean Elections Fund.” Once the \$5 qualifying contributions have been remitted to the Clean Elections Fund, the qualifying contributions will not be returned to the candidate for any reason.

The Reallocation Option (one-party-dominant district)

A candidate who is a member of the dominant party in a one-party-dominant district may choose to reallocate a portion of funds from the general election period to the primary election period. A one-party-dominant district is a legislative district in which one political party exceeds every other political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts prior to March 31 of an election year.

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

ONE-PARTY-DOMINANT DISTRICT REALLOCATION FUNDING

Primary Election \$21,533

General Election \$14,355

Verifying the \$5 Qualifying Contributions

Once the candidate submits his or her \$5 qualifying contributions the Secretary of State's office selects a 5% random sample from the submitted forms. The random sample is sent to the county recorder of the county of the addresses specified on the selected forms. The county recorder will verify the selected forms within ten days of receiving the random sample. The county recorder will provide a report to the Secretary of State's office identifying any disqualified forms.

Forms may be disqualified for the following reasons:

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

5% Random Sampling

In order to produce a random sample large enough to result in certification for funding without having each qualifying contribution form checked by the appropriate county recorder, a candidate must submit **at least 20%** more qualifying contributions than the minimum number required (see p. 8).

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

Supplemental Filing

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

- The candidate files at least the minimum number of additional forms needed to qualify for funding;
- The additional forms are not duplicates from individuals who have previously contributed to that candidate; and
- The period for filing qualifying contribution forms has not expired.

The supplemental qualifying contribution forms shall be:

- Collected from individuals before the end of the qualifying period (August 23, 2012);
- Collected from individuals within the candidate's district who **have not** previously contributed a valid qualifying contribution to the candidate;
- Submitted to the Secretary of State's office before August 30, 2012. Note: The Primary election is August 28, 2012.

Random Sample Procedure Example

Assumption: A candidate for a legislative seat submits 260 qualifying contributions

- Secretary of State takes 5% sample of 260, which is 13
- If 13 of the 13 are valid, 13 x 20 is 260, 260/220 is 118% which is above 110%. Therefore, funding is granted.
- If 10 of the 13 are valid, 10 x 20 is 200, 200/220 is 91%. Therefore, all 260 \$5 qualifying contribution forms must be verified by the county recorder.

Failure to Qualify for Funding

A candidate will be denied funding if:

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

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

- The qualifying contributions must be collected before the end of the qualifying period August 23, 2012.
 - The qualifying contributions must be submitted to the Secretary of State’s office before August 30, 2012.
- Keep in mind that the primary election is August 28, 2012.

If a candidate fails to qualify for funding in accordance with the procedures described in this chapter, the candidate’s participating status is automatically terminated.

Act & Rules References for Chapter 3

Qualifying Contributions A.R.S. § 16-950 A.A.C. R2-20-105(I)	Applying for Funding A.A.C. R2-20-105(B)	One Party Dominant District A.R.S. § 16-952(D)	Verification of Qualifying Contributions A.R.S. § 16-950(C) A.A.C. R2-20-105	Termination of Participating Candidate Status A.A.C. R2-20-108(B)
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4

Chapter 4 – Campaign Contributions & Expenditures

This chapter describes the guidelines and restrictions that apply to the contributions received and expenditures made by participating candidates.

Definition of Contribution

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

Contributions Include:

- A contribution made to retire campaign debt.
- Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his or her candidacy.
- The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item. However, it is not considered to be a contribution if the actual cost of the meal or fund-raising item is for the purchaser’s personal use and not for resale, and the actual cost is the entire amount paid by the purchaser in connection with the event. The exception does not apply to auction items.
- Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services.

Contributions Do NOT Include:**1. Personal Services & Travel Expenses**

- The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate’s campaign committee or any other political committee.
- Any un-reimbursed payments for personal travel expenses made by an individual who, on his or her own behalf, volunteers his or her personal services to a candidate.
- Legal or accounting services provided to a candidate at no cost. This exemption only applies if the person paying for the services is the regular employer of the person rendering the services and if services are solely for the purpose of compliance with Arizona Revised Statutes, Title 16.

2. Duties of Elected Officials

Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his or her office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his or her office.

3. Property, Food & Beverages

- An individual may use personal property, including his or her home, a church or community room used on a regular basis by members of a community for noncommercial purposes, in the course of volunteering for a candidate.
- For candidate-related activities, each adult in the household may spend up to a total of \$100 per election cycle for invitations, food and beverages only, which does not count as a contribution to the candidate. Any amount over \$100, or for any other purpose, will need to be reported as a contribution from the individual and is subject to individual contribution limits, or the campaign will have to pay the excess amount as a campaign expenditure.

Contributions Do NOT Include (continued):**4. Political Party Activities****Slate cards and sample ballots:**

The payment by a political party for printing and postage expenses for slate cards, sample ballots, and other written materials that substantially promote three or more nominees of the party for public office. This exemption does not apply if costs are for a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

Campaign Materials:

The political parties purchase of campaign materials including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, which will be used by the party in connection with volunteer activities on behalf of any nominee of the party. This exemption does not apply if payments are used for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

5. Independent Expenditures

An expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, and that is made without cooperation or consultation with any candidate, candidate committee or candidate agent.

6. Bank

Monies loaned by a state bank, a federally chartered depository institution or a depository institution. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution. Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee. Participating candidates may **NOT** spend these monies. Participating candidates must send this money to the Commission at the end of the primary election period and at the end of the general election period.

7. Transfer for Joint Fundraiser

A transfer between campaigns to distribute monies raised through a joint fund-raising effort in which each candidate pays a proportionate share of the fundraising expenses and receives a proportionate share of the funds that are raised.

8. Vendor Extension of Credit

An extension of credit for goods and services made in the ordinary course of the vendor's business. This applies only if the vendor provides similar terms of credit to other nonpolitical customers and makes a reasonable attempt to collect the debt. If the candidate does not pay the debt after 6 months, it shall be deemed receipt of a contribution by the candidate, but not a contribution by the creditor. If a candidate receives an extension of credit, it shall be considered to be outstanding debt and it shall be included in campaign finance reports filed by the candidate with the Secretary of State.

Early Contributions

Participating candidates may raise a limited number of private contributions which are called early contributions. After filing a Statement of Organization, early contributions may be raised and spent through the end of the qualifying period August 23, 2012. Any early contributions not spent by the end of the qualifying period shall be sent to the Commission.

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

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

As illustrated in the chart below, a participating candidate may accept early contributions up to but not exceeding, \$150 per individual during an election cycle.

Corporation Commission	Legislature
\$22,969	\$3,589

Personal Money and Family Contributions

Participating candidates may contribute his or her personal funds up to a maximum amount of \$670 for candidates for the legislature and \$1,330 for candidates for statewide offices. The personal contribution limit includes contributions received from certain family members. All personal and family monies shall be raised and spent through August 23, 2012. Any unspent personal and family monies shall be returned to the contributors.

It is important to understand that monies given to a candidate by certain family members count toward the candidate’s personal money limit. A family member includes a parent, grandparent, spouse, child or sibling of the candidate as well as the parent or spouse of any of those persons previously mentioned. Therefore, if one of the aforementioned family members gives a contribution to a candidate, the contribution counts towards the applicable personal contribution limit.

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

In-Kind Contributions

An in-kind contribution is a provision of goods or services or anything of value that is not a monetary contribution. Participating candidates may accept in-kind contributions only from individuals and are limited to \$150 in value. An individual may give a participating candidate an in-kind contribution and a monetary contribution. However, the combined total given to the candidate may not exceed \$150. The candidate may also give in-kind contributions to his or her campaign provided that they, combined with any personal monies, do not exceed \$670 for a candidate for the Legislature, or \$1,330 for a candidate for statewide office.

In-kind contributions must be assessed at a fair market value and must be included in campaign finance reports. It is the responsibility of the candidate to assess the fair market value.

Loans

Money a candidate loans to his or her campaign is a personal money contribution until repaid. Personal monies, including loans, may not exceed \$670 for a candidate for the Legislature and \$1,330 for a candidate for statewide office. Therefore, loans count towards all limits even though a candidate may intend to repay the loan.

Money an individual other than a candidate loans to a campaign is an individual contribution until repaid. Individual contributions, including loans, may not exceed \$150 per individual.

Contribution Prohibitions

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

A candidate may accept contributions only from individuals. This provision strictly prohibits any contributions from PACs, labor unions, businesses, political parties and corporations.

Bank Interest

A candidate may keep his or her campaign monies in an interest bearing bank account. However, participating candidates must remit any bank interest earned to the Fund at the end of the primary election period and at the end of the general election period.

Contributions Reported in a Campaign Finance Report

A campaign finance report must include all contributions accepted by the committee through the end of the reporting period. Each contribution shall include the name, address, occupation and employer of the contributor. Contributions of \$25 or less may be aggregated.

Remedying an Excessive Contribution

If a candidate receives an early contribution that exceeds the contribution limit, the candidate must refund the amount in excess of the \$150 individual contribution limit. The candidate must enter the original amount received and the refunded amount in the campaign finance web based filing system. The filing system contains a designated section to key in refunded contributions.

Definition of Expenditure

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

Expenditure Does NOT Include the Following:

- A news story, commentary or editorial distributed through any telecommunications system, newspaper, magazine or other periodical publication. This exemption does not apply if the publications’ facilities are owned or controlled by a political committee, political party or candidate.
- Nonpartisan activity designed to encourage individuals to vote or to register to vote.
- The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any elective office. This exemption does not apply if the display of candidates is made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.
- The political parties’ purchase of campaign materials including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, which will be used by the party in connection with volunteer activities on behalf of any nominee of the party. This exemption does not apply if payments are used for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.
- Any deposit or other payment filed with the Secretary of State or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

Expenditures Reported in a Campaign Finance Report

All expenditures made by the committee must be reported on the required campaign finance reports. Each expenditure reported in a campaign finance report shall include a description of the goods and services that were purchased. The campaign finance reporting system provides a space in the memo line for the user to enter a detailed description for each expenditure.

Itemization of Expenditures

A participating candidate must identify the full name and street address of the person providing goods and services to the campaign on his or her campaign finance reports. This includes any payment to a sub-vendor made on behalf of the campaign.

Example of Sub-Vendor Reporting

Joe Candidate is running for Senate and hires MCD’s Consulting as his campaign consultant. MCD’s Consulting coordinates the production of a campaign mailer. The cost of the mailer is for \$3,700.00. MCD’s Consulting paid ZZZ Graphics \$1,700.00 for design and \$500.00 to the House of Mail for mailing. The initial payment to MCD’s Consulting, as well as the payments made to sub-vendors ZZZ Graphics and House of Mail, must be reported individually on the campaign finance report, and must include the required information.

Joint Expenditures

A joint expenditure is made when two or more candidates agree to share the cost of goods or services. Candidates may make a joint expenditure on behalf of one or more other campaigns, but must be authorized in advance by the other candidates involved in the expenditure, and must be reimbursed within seven days.

Loans and Extensions of Credit

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

1. **Loans of Personal Monies from the Candidate** - A candidate may loan personal monies to his or her own campaign. Personal monies are defined to include the proceeds from a bank loan issued to a candidate in his or her personal capacity. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from the candidate, such a loan is subject to the personal monies contributions limit of \$670 (for candidates for the Legislature) \$1,330 (for candidates for statewide office).
2. **Loans from Individuals other than the Candidate** - Individuals other than the candidate may loan monies to a campaign. Until repaid, such a loan is treated as a contribution to the campaign. Like all contributions from individuals other than the candidate, such a loan is subject to the individual contributions limit of \$150.
3. **Extensions of Credit** - A vendor may grant a campaign an extension of credit for the purchase of goods or services. An extension of credit occurs whenever a vendor provides or agrees to provide goods or services to a campaign in exchange for a promise by the campaign to pay for such goods or services at a later date. An extension of credit must be reported as an expenditure when the candidate promises, contracts, agrees or otherwise incurs an obligation to pay for the goods or services, rather than when the candidate is billed for, pays for or receives the goods or services. When the expenditure is incurred, the participating candidate must have sufficient campaign funds to pay for the goods or services and for all other obligations incurred by his or her campaign.

Using a Personal Credit Card

The candidate, treasurer or designated agent with authority to spend campaign funds shall pay monies directly from the campaign account to the person providing the goods or services.

If someone does use a personal credit card on behalf of a campaign, the expenditure is incurred when the candidate authorizes the transaction and must be reported on the subsequent campaign finance report. The candidate may not authorize an expenditure to be made by an individual that exceeds the available cash on hand. The candidate must reimburse the individual for the expenditure within seven days.

Petty Cash Accounts

A candidate's campaign committee may establish one or more petty cash accounts, which in aggregate may not exceed \$1,330 at any time. No single expenditure shall be made from a petty cash account exceeding \$150. On a campaign finance report the participating candidate must identify the full name and street address of the person providing goods and services to the campaign on his or her campaign finance reports for expenditures paid for with petty cash. This includes any payment to a sub-vendor made on behalf of the campaign.

Petty Cash Accounts (continued)

The participating candidate is required to maintain all receipts and records corresponding to petty cash activity. The Commission recommends that the treasurer keep a running total of all petty cash withdrawals and expenditures to ensure that the maximum of \$1,330 is not inadvertently exceeded.

Refund & Repayment

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

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

Recordkeeping Requirements

The treasurer of the candidate's campaign committee is the custodian of the campaign's books and records and shall keep a record of all of the following:

- All contributions or other monies received by or on behalf of the candidate.
- The identification of any individual who makes any contribution along with the date and amount of each contribution and the date of deposit into a campaign account.
- Cumulative totals contributed by each individual.
- The name and address of every payee to whom any expenditure is made, and the date, amount and purpose or reason for the expenditure.
- All periodic bank statements or other statements for the campaign account.
- All activity related to petty cash accounts.

The treasurer of the campaign shall:

- Ensure no campaign expenditure is made without the authorization of the treasurer or his designated agent.
- Record all contributions made by check, money order or other written instrument as a contribution by the person whose signature or name appears on the bottom of the instrument. If a contribution is made by more than one person in a single written instrument, the treasurer shall record the amount to be attributed to each contributor as specified.
- Ensure all contributions other than in-kind contributions and qualifying contributions are evidenced by a written record in the form of:
 - A check drawn on the account of the actual contributor;
 - A money order or cashier's check containing the name of the actual contributor; or
 - A written receipt with a copy of the receipt given to the contributor and a copy maintained in the records of the candidate.
- Preserve all records and copies of all finance reports for three years after the election.
- If requested by the Attorney General, the county, city or town attorney or the filing officer, provide any of the records required to be kept pursuant to this rule.
- Make available for public inspection all bank accounts, campaign finance reports, and financial records relating to the candidate's campaign, either by immediate disclosure through electronic means or at the candidate's campaign headquarters.
- Ensure all records are maintained at a single location within the state and available for inspection by the Commission during regular business hours.

Use of Assets from a Prior Election

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

Prior assets may not be utilized by the campaign until payment has been made. If the candidate was a participating candidate during the prior election cycle, the payment for the assets shall be made to the Commission. If the candidate was a traditional candidate during the prior election cycle, the payment shall be made to the prior campaign. If the prior campaign account of a traditional candidate is closed, the payment shall be made to the candidate.

Act & Rules References for Chapter 4

Contributions & Expenditures A.R.S. § 16-901 A.R.S. § 16-941 A.A.C. R2-20-109(E)	Political Party Exceptions A.A.C. R2-20-112	Early Contributions A.R.S. § 16-945 A.A.C. R2-20-101(7) A.A.C. R2-20-104(D)	Unspent Early Contributions A.R.S. § 16-945(B) A.A.C. R2-20-109(B)(2) A.A.C. R2-20-106(G)	Joint Expenditures A.A.C. R2-20-703(C)	Personal Monies & Family Contributions A.R.S. § 16-901(10) A.R.S. § 16-901(18) A.R.S. § 16-941(A)(2) A.A.C. R2-20-104(E)
Excessive Contributions A.A.C. R2-20-104(A)(2)	Itemization of Expenditures A.R.S. § 16-948© A.A.C. R2-20-109(A)(4)	Extension of Credit A.A.C. R2-20-104(D)(6) A.A.C. R2-20-109(A)(5)	Petty Cash Accounts A.R.S. § 16-948(C) A.A.C. R2-20-110(A) A.A.C. R2-20-111(B)(F)	Books & Recordkeeping A.R.S. § 16-904 A.A.C. R2-20-111	
		Use of Campaign Funds A.A.C. R2-20-101(6) A.A.C. R2-20-702 A.A.C. R2-20-702(4)			

5 Chapter 5– Primary Election Funding

This chapter explains the funding participating candidates receive for the primary election.

When a candidate qualifies to receive Clean Elections funding, the Commission shall provide the candidate with funding equal to the original primary election spending limit. Primary election funds must be directed at the primary election. Participating candidates must return to the Commission any unspent monies at the end of the primary election period and may NOT carry excess primary election funding over to the general election period.

The Secretary of State’s office will notify Commission staff once a candidate has been approved for funding. Candidate funding is typically available on the next business day. However, the Arizona Department of Administration (ADOA) processes the checks and the Commission has no control over ADOA timelines.

The table below details the funding that qualified participating candidates will receive.

ORIGINAL PRIMARY ELECTION SPENDING LIMIT			
Office	Party Candidate	Unopposed	Reallocation Option
Corporation Commission	\$91,645	\$5 Qualifying Contributions	N/A
Legislature	\$14,355	\$5 Qualifying Contributions	\$21,533

Unopposed Funding

An unopposed participating candidate will NOT receive full funding from the Commission. The candidate will receive \$5 times the number of qualifying contributions that the candidate submitted to the Secretary of State.

A candidate is unopposed if he or she meets ALL of the following criteria:

1. Unopposed in his or her primary;
2. Unopposed in the primary of any other party; AND
3. Unopposed by any Independent candidate.

The Reallocation Option **(one-party-dominant district)**

A candidate who is a member of the dominant party in a one-party-dominant district may choose to reallocate a portion of funds from the general election period to the primary election period. A one-party-dominant district is a legislative district in which one political party exceeds every other political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts prior to March 1 of an election year.

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

ONE-PARTY-DOMINANT DISTRICT REALLOCATION FUNDING
Primary Election \$21,533
General Election \$14,355

Return of Unspent Monies

A participating candidate shall return all remaining unspent monies in the candidate’s campaign account to the Commission within five days after the primary election. Funds to reconcile any uncontested and unpaid bills may be held for 30 days after the primary election. Any monies in the candidate’s campaign account after payment of bills shall be returned promptly to the Commission. Participating candidates are NOT permitted to carry primary funding forward to the general election period. Participating candidates are required to file a “Return of Primary Funds” campaign finance report for the period ending September 2, 2012 including any unspent monies returned to the Commission. The campaign finance report is due September 2, 2012.

Terminating the Committee

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

Act & Rules References for Chapter 5

Primary Election Funding A.R.S. § 16-951 A.R.S. § 16-961(G)	One Party Dominant Districts A.R.S. § 16-952(D)	Return of Unspent Monies A.R.S. § 16-953(A)	Political Party Exception A.A.C. R2-20-112	Terminating Campaign Committee A.R.S. § 16-914
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6 Chapter 6– General Election Funding

This chapter explains the funding participating candidates receive for the general election.

Once a candidate advances to the general election, the Commission shall provide the candidate with funding equal to the original general election spending limit at the start of the general election period (August 29, 2012). **The candidate may NOT have carried any excess primary election funding over to the general election period.** Participating candidates must have returned to the Commission five days after the primary election.

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

The table below details the funding that qualified participating candidates will receive.

Unopposed Funding

General Election Spending Limit			
Office	Initial Funding	Unopposed	Reallocation Option
Corporation Commission	\$137,811	\$5 Qualifying Contributions	N/A
Legislature	\$21,533	\$5 Qualifying Contributions	\$14,355

An unopposed participating candidate will NOT receive full funding from the Commission. The candidate will receive \$5 times the number of qualifying contributions that the candidate submitted to the Secretary of State.

A candidate is unopposed if he or she meets ALL of the following criteria:

1. Unopposed by a candidate of any other party; **and**
2. Unopposed by any independent candidate.

The One-Party Dominant District Reallocation Option

A legislative candidate who chose the reallocation option in the primary, will receive funding equal to the original primary election spending limit of \$14,355 for the general election.

Return of Unspent Monies

A participating candidate shall return all remaining unspent monies in the candidate’s campaign account to the Commission within 30 days after the general election. Funds to reconcile any uncontested and unpaid bills may be held longer, after notifying the Commission. Any monies in a candidate’s campaign account after payment of bills shall be returned promptly to the Commission.

Participating candidates are required to file a “Return of General Funds” campaign finance report for the period ending November 6, 2012 including any unspent monies returned to the Commission. The campaign finance report is due **December 6, 2012** and is filed in conjunction with the Post-General report.

Terminating the Committee

The candidate may terminate his or her campaign committee by filing a termination statement with the Secretary of State’s office. The candidate and treasurer must sign the termination statement and certify that the committee will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of properly. The Secretary of State’s office requires the committee to file a campaign finance report showing a zero account balance before the committee can officially be terminated.

Act & Rules References for Chapter 6

General Election Funding A.R.S. § 16-951 A.R.S. § 16-961(H)	One Party Dominant Districts A.R.S. § 16-952(D)	Return of Unspent Monies A.R.S. § 16-953(B)	Political Party Exception A.A.C. R2-20-112	Terminating Campaign Committee A.R.S. § 16-914
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7 Chapter 7– Use of Campaign Funds

This chapter explains the appropriate use of campaign funds. Participating candidates may only use campaign monies for direct campaign purposes.

Direct Campaign Purposes

A participating candidate shall only use campaign funds to pay for goods and services that have direct campaign purposes. If the Commission determines that an expenditure was not made for direct campaign purposes, the Commission may order the candidate to repay the Fund with personal monies.

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

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

Prohibited Use of Campaign Funds

The following is a non-inclusive list of prohibited campaign expenditures. Candidates are encouraged to use discretion when spending campaign funds. Should questions arise, please contact Commission staff.

1. Cost of legal defense in any campaign law enforcement proceeding.
2. Food and beverages for staff and volunteers exceeding \$11.00 for breakfast, \$16.00 for lunch, and \$27.00 for dinner.
3. Personal use, which includes:
 - Household food items or supplies;
 - Clothing, other than items of de minimis value that are used in the campaign, such as campaign “T-shirts” or caps with campaign slogans;
 - Tuition payments, other than those associated with training campaign staff;
 - Mortgage, loan, rent, lease or utility payments:
 - For any part of any personal residence of the candidate or a member of the candidate’s family; or
 - For real or personal property that is owned or leased by the candidate or a member of the candidate’s family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage;
 - Admission to a sporting event, concert, theater, or other form of entertainment, unless part of a specific campaign activity;
 - Dues, fees or gratuities at a country club, health club, recreational facility or other nonpolitical organization, unless they are part of the costs of a specific fundraising event that takes place on the organization’s premises; and
 - Gifts or donations.
4. Fixed assets with a value in excess of \$800, provided that the item is for campaign use.

Use of Assets from a Prior Election

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

Prior assets may not be utilized by the campaign until payment has been made. If the candidate was a participating candidate during the prior election cycle, the payment for the assets shall be made to the Commission. If the candidate was a traditional candidate during the prior election cycle, the payment shall be made to the prior campaign. If the prior campaign account of a traditional candidate is closed, the payment shall be made to the candidate.

Disposal of Fixed Assets

Fixed assets (items that have value and function beyond the election) purchased with campaign funds that can be used for non-campaign purposes with a value of \$200 or more shall be turned in to the Commission no later than 30 days after the primary election or the general election if the candidate was successful in the primary. A candidate may elect to reimburse the Commission for 50% of the original purchase price of the item instead of turning in the item.

Transportation Expenses

If a candidate travels for campaign purposes in a privately owned vehicle, the candidate may use campaign funds to reimburse the owner of the vehicle for the costs of transportation. The reimbursement shall be reported as an expenditure and may not exceed 44.5 cents per mile.

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

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

Food and Beverages Expenses

Participating candidates may use campaign monies to pay for food and beverages if the expenditure is directly related to the campaign, such as refreshments provided at a fundraiser. Any payment for food and beverages made by a person for the purpose of influencing an election shall be reported as a campaign expenditure. Participating candidates are limited to making food expenditures of \$11.00 per person for breakfast, \$16.00 per person for lunch, and \$27.00 per person for dinner. The Commission recommends that the treasurer maintain documentation of each food expenditure and the number of people who ate, as participating candidates have the burden of proving that they have adhered to the food expenditure limits.

Act & Rules References for Chapter 7

Use of Campaign Funds	Use of Assets	Transportation Expenses
A.A.C. R2-20-101(6)	A.A.C. R2-20-	A.A.C. R2-20-109(G)
A.A.C. R2-20-702	702.01	
A.A.C. R2-20-702(4)		

8 Chapter 8– Independent Candidates

This chapter explains Independent candidate funding, matching funds, and participation in candidate debates.

Independent Candidates

An Independent candidate is a candidate who:

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

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

At the beginning of the general election period (August 29, 2012), an Independent candidate may receive matching funds if his or her traditional opponents receive contributions, minus expenditures made through the primary election, in excess of the general election spending limit for that election. Unopposed candidates are not eligible to receive matching funds. An Independent participating candidate is not required to return any unspent monies at the end of the primary election period or required to file the Return of Primary Funds report.

General Election Period Equalization Funds	
OFFICE	INITIAL GENERAL SPENDING LIMIT (70% Independent Candidate General Election Spending Limit)
Corporation Commission	\$160,780
Legislature	\$25,122

Candidate Statement Pamphlet & Debates

Only candidates who appear on the primary election ballot will be included in the primary election candidate statement pamphlet and participate in the Commission sponsored primary election debate.

Independent candidates are eligible to appear in the general election candidate statement pamphlet and are required to attend the Commission sponsored general election debate.

Act & Rules References for Chapter 8

Independent Candidates	Candidate Debates
A.R.S. § 16-951	A.A.C. R2-20-107(C)
A.R.S. § 16-961(F)(2)	
A.A.C. R2-20-101(18)	

9 Chapter 9– Candidate Debates & Statement Pamphlets

This chapter explains the requirements for participating candidates to attend Commission sponsored debates and to submit statements for the candidate statement pamphlets.

Debates

Participating candidates are required to attend Commission sponsored debates held in both the primary and general election periods. Traditional candidates are also invited and encouraged to attend. The Commission ensures the debates are carried out in a strictly nonpartisan and professional manner. Only those candidates appearing on the primary or general election ballot are eligible to participate in the Commission sponsored debates. All candidates must appear in person, not by proxy or electronically, unless to accommodate a disability. For a participating candidate who has traditional opponents not attending the debate, the participating candidate will have the opportunity to participate in a thirty minute question and answer session.

Unless exempt, a participating candidate who fails to participate in any Commission sponsored debate shall be fined \$500.

Request for Exemption

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

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

Request for Excused Absence

A participating candidate who fails to attend a required debate without prior exemption from the Commission is subject to a \$500 fine. The candidate may submit a request for reconsideration to the Commission. The candidate's request for reconsideration shall state the reason the candidate failed to participate in the debate. The statement must be submitted to the Commission no later than five business days after the date of the debate the candidate failed to attend. The Commission will forgo the \$500 fine if a majority determines that the circumstances were:

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

Exceptions to Debate Participation

- No debate will be held if there is no participating candidate in the election for the particular office.
- Write-in candidates, Independent candidates, and those candidates with no party affiliation will not be invited to participate in the primary election debate.
- Write-in candidates for the general election will not be invited to participate in the general election debate.

Candidate Statement Pamphlets

The candidate statement pamphlets are nonpartisan, comprehensive sources of information for Arizona voters. Before the start of early voting for each election, the Commission will produce and mail primary and general election candidate statement pamphlets to every household in Arizona that has a registered voter. Participating and traditional candidates may supply the Commission with a picture and statement for inclusion in the pamphlets. All candidates who will appear on either the primary or general election ballot may submit a statement and photograph by the deadline. The pamphlets will include the office for which the candidate is running, as well as the candidate's name, photograph, party affiliation, funding source, web address and statement. The pamphlets will be mailed no later than August 2, 2012 for the primary election and no later than October 11, 2012 for the general election.

Statements

The statements are to be no more than 200 words in length. The Commission will allow candidates to submit separate statements for the primary and general election pamphlets. If a candidate submits a statement for the primary election pamphlet and does not submit a new statement for the general election pamphlet, the statement from the primary election pamphlet will be used for the general election pamphlet. The Commission will only accept statements electronically through the Commission's website, www.azcleaselections.gov. Statements that exceed the allotted 200 words will NOT be accepted.

Photographs

The Commission will accept digital photos only. A statement can be submitted without having submitted a photograph, or vice versa. Candidates can submit digital photos through the Commission's website, by e-mail or candidates can make an appointment to have a digital photo taken at the Commission's office. If a candidate submits a photo for inclusion in the primary election pamphlet, the same photo will be used for the general election pamphlet. Photos for inclusion in the general election pamphlet will only be accepted from candidates who did not submit a photo for inclusion in the primary election pamphlet.

Submission Process

- Submit the statement and photo online at www.azcleaselections.gov. Once the statement and photo are submitted, a verification form will appear.
- Print out and review the verification form for submission to the Commission.
- Sign and date the verification form and make a copy of the verification form for candidate's records.
- Fax, e-mail or mail the verification form to the Commission immediately after the statement is submitted. The verification form **MUST BE RECEIVED** by the Commission on or before midnight on the deadlines.
- FAX: 602-364-3487 /E-MAIL: ceec@azcleaselections.gov/ MAIL: 1616 W. Adams, Suite 110 Phoenix, AZ 85007

Submission Deadlines

Primary election statements and photographs shall be filed electronically no later than midnight on June 25, 2012 for inclusion in the primary election pamphlet. General election statements and photographs shall be filed electronically no later than midnight on September 1, 2012. **The Commission cannot accept late submissions for inclusion in the pamphlets.** All statements will appear in the pamphlets exactly as they are submitted. The Commission will not permit changes to statements after the final verification form has been returned. Upon request, candidates may visit the Commission's office and utilize a public computer in order to submit statements.

Act & Rules References for Chapter 9

Candidate Debates & Candidate Statements:
A.R.S. § 16-956, A.A.C. R2-20-107

10

Chapter 10– Enforcement & Audits

This chapter explains the enforcement and audit procedures.

Externally Generated Complaints

Any person may file a complaint against a candidate if he or she believes a violation of the Act or Commission Rules has occurred. The complaint must be made in writing, and the signature of the complainant must be sworn to and notarized. The Commission will **NOT** accept verbal or anonymous complaints. The Commission will send an acknowledgement to the complainant and send a copy of the complaint to the respondent. If the complaint does not comply with the Commission requirements, the Commission shall notify the complainant and the respondent and the complainant may resubmit his or her complaint. The Commission will not consider any external complaints that have been filed either more than 90 days after the post-election report or more than 90 days after the canvas for that election, whichever is later.

Internally Generated Complaints

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

Response to a Complaint

Within 5 days after receiving a complaint, the Commission will send a copy of the complaint to the respondent. Upon receipt, the respondent has 5 days to provide the Commission with a written response.

Executive Director Recommendation

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

Penalties

The Commission has the authority to assess civil penalties on both participating and nonparticipating candidates. No civil penalty negotiated by the Commission or imposed by a court may exceed the greater of \$10,000 or an amount equal to any contribution or expenditure involved in the violation. In the case of a knowing and willful violation, the civil penalty may not exceed the greater of \$15,000 or an amount equal to 200% of any contribution or expenditure involved in the violation. All civil penalties collected by the Commission are deposited into the Clean Elections Fund.

Audits

The Commission will conduct audits of candidates within randomly selected districts. The Commission may also initiate an audit to aid in the investigation of an enforcement action. The Commission contracts with an independent accounting firm to conduct all auditing work.

Audit Procedure

If a candidate is selected for an audit, the Commission will notify the candidate. The accounting firm will contact the candidate to explain the auditing process. The candidate must make all books and records available to the Commission and the accounting firm and must have personnel familiar with the records available to answer questions.

Preliminary Audit Report

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

Final Audit Report

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

Act & Rules References for Chapter 10

Enforcement

A.R.S. § 16-942
A.R.S. § 16-943
A.R.S. § 16-957
A.A.C. R2-20-201 et seq.

Audits

A.A.C. R2-20-101(2)
A.A.C. R2-20-401 et seq
A.A.C. R2-20-402.01.

Act: Abbreviation for the Clean Elections Act.

Adjusted Spending Limit: The original spending limit as further adjusted to account for reported overages by traditional candidates or independent expenditures.

Citizens Clean Elections Fund: The account through which participating candidates receive public funds, also referred to as the Fund.

Commission: Citizens Clean Elections Commission.

Contribution: Anything of value, including gifts, loans, in-kind contributions, advances or deposits of money, made for the purpose of influencing an election. *See chapter 4.*

Expenditure: Any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value made by a person of influencing an election, including a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received. *See chapter 4.*

Election Cycle: The period between successive general elections for a particular office.

Exploratory Period: The period beginning on the day after a general election and ending the day before the start of the qualifying period.

Extension of Credit: The delivery of goods or services or the promise to deliver goods or services to a candidate in exchange for a promise from the candidate to pay for such goods or services at a later date.

Fair Market Value: The amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Family Contribution: Any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

Fixed Asset: Tangible property usable in a capacity that will benefit the candidate for a period of more than one year from the date of acquisition.

Fund: Citizens Clean Elections Fund; the account through which participating candidates receive public funds. The fund receives monies from a ten percent surcharge on all civil and criminal penalties, five dollar tax check off on individual state income tax forms, donations, qualifying contributions and Commission assessments.

General Election Period: The period beginning on the day after primary election day and ending on general election day.

General Election Spending Limits: The level of funding that participating candidates receive from the Fund for the general election period.

Independent Candidate: A candidate who is not affiliated with a party recognized on the ballot.

Independent Expenditure: An expenditure by a person or political committee, other than a candidate's campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, and that is made without cooperation or consultation with any candidate, candidate committee or candidate agent.

In-Kind Contribution: A contribution of goods or services or anything of value that is not a monetary contribution.

One-Party-Dominant Legislative District: A legislative district in which one political party exceeds another political party in voter registration by 10% or more. The Commission determines one-party-dominant legislative districts prior to March 1 of an election year.

Original Spending Limit: A limit specified by primary election spending limits and general election spending limits, or a special amount expressly set for a particular candidate (i.e., unopposed or Independent candidates).

PAC: political action committee acronym.

Participating Candidate: A candidate who becomes certified as participating pursuant to A.R.S. § 16-947, and receives public funding to run his or her campaign.

Personal Monies: Assets to which the candidate has legal right; salary and other earned income from candidate employment; dividends and proceeds from the sale of stocks or investments; income from trusts; proceeds of loans obtained that are not contributions; proceeds from legal games of chance; and *family contributions*.

Political Committee: A candidate, association or combination of persons organized for the purpose of influencing the result of any election. This includes political activity advocating the election or defeat of a candidate for election, an initiative, referendum, recall, measure or proposition.

Primary Election Period: The nine-week period ending on primary election day.

Primary Election Spending Limits: The level of funding that participating candidates receive from the Fund for the primary election period.

Qualifying Period: The period beginning on the first day of August in a year preceding an election year for an election for a statewide office, or on the first day of January of an election year for an election for legislator, and ending 75 days before the day of the general election.

Statewide Office: Those offices that hold control over the entire state, not a certain portion within the state. Statewide offices include governor, secretary of state, state treasurer, attorney general, superintendent of public instruction, corporation commissioner and mine inspector.

Surplus Monies: The remainder of a political committee's money after all of its expenditures have been made and its debts have been extinguished.

Traditional Candidate: A candidate who does not become certified as a participating candidate under the Clean Elections Act, and, consequently, does not receive public funding to run his or her campaign.

Unopposed: With reference to state senate candidates and statewide candidates other than corporation commission, that the candidate is opposed by no candidates who will appear on the ballot. In reference to candidates for the house of representatives and corporation commission, "unopposed" means that no more candidates will appear on the ballot than the number of seats available for the office sought. For purposes of funding pursuant to ARS 16-951, "unopposed" means that the candidate is unopposed for both the primary election and the general election.

- Statement of Organization**
Establishes the candidate's campaign committee.

- Application for Certification as a Participating Candidate**
Establishes the candidate as a participating candidate.
Deadline: August 23, 2012.
The form must be notarized.
A campaign finance report detailing all campaign activity to date must be filed electronically on the same date that the Application for Certification is submitted to the Secretary of State's office.

- Nominating Petition**
The Partisan Nomination Paper, Affidavit of Qualification and Campaign Finance Laws Statement (Triplicate Form), nominating petitions and nomination papers must be submitted to the Secretary of State's office by May 26, 2010 in order to qualify for the ballot.

- Participating Candidate's Application to Receive Funds and Qualifying Contributions Report**
Accompanies the submission of the \$5 qualifying contributions to the Secretary of State's office.
Last day to submit \$5 qualifying contributions: August 30, 2012.
The application must be signed by the candidate, but does not need to be notarized.
If the candidate is in a one-party-dominant district and wants to choose the reallocation option, the correct box must be marked.
The following must be submitted along with the \$5 qualifying contributions:
 - A complete printed list of \$5 qualifying contributors sorted by county using the campaign finance reporting system.
 - The original qualifying contribution forms, signed and dated by the qualifying contributors and the solicitor, if there was a solicitor, sorted by county.
 - A check in the amount equal to the sum of the qualifying contributions submitted, made payable to "Clean Elections Fund."
 - A campaign finance report must be filed electronically when the \$5 qualifying contributions are submitted to the Secretary of State's office. All \$5 qualifying contributions being submitted must be included in the campaign finance report.

Citizens Clean Elections Commission

1616 W. Adams, Suite 110
Phoenix, AZ 85007
(602) 364-3477
(602) 364-3487 fax
1-877-631-8891 toll free
cccc@azcleelections.gov
www.azcleelections.gov

Citizens Clean Elections Commissioners

Lori S. Daniels, Chairwoman
Republican

Jeffrey Fairman,
Democrat

Louis Hoffman
Democrat

Timothy J. Reckart
Republican

Thomas J. Koester
Independent

Commission Staff

Todd F. Lang
Executive Director

Colleen McGee
Deputy Director

Daniel Ruiz II
Public Information Officer

Paula Ortiz
Executive Assistant

Secretary of State's Office

Administration / Elections:
Capitol Executive Tower 7th Floor
1700 West Washington Street
Phoenix, AZ 85007-2888
(602)542-4285 or (800)458-5842
(602) 542-6172 fax
elections@azsos.gov
www.azsos.gov