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R2-20-702(B) Option A:

A participating candidate's payment from a campaign bank account to a political committee or civic organization including a person with tax exempt status under section 501(a) of the internal revenue code or an unincorporated association is not a contribution if the payment is reasonable in relation to the value received. Payment of customary charges for services rendered, such as for printing and obtaining voter or telephone lists, and payment of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received. Clean elections funding shall not be used for an expenditure to any political party and such an expenditure shall be deemed an illegal contribution.

R2-20-702(B) Option B:

A participating candidate's payment from a campaign bank account to a political committee or civic organization including a person with tax exempt status under section 501(a) of the internal revenue code or an unincorporated association entity is not a contribution if the payment is reasonable in relation to the value received. Payment of customary charges for services rendered such as for printing and obtaining voter or telephone lists, and payment of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received. No other payments are permitted to political parties with clean elections funding.

R2-20-702(B) Option C:

~~A participating candidate's payment from a campaign account to a political committee or civic organization entity is not a contribution if the payment is reasonable in relation to the value received. Payment of customary charges for services rendered such as for printing voter or telephone lists, and payment of not more than \$200 per person to attend a political event open to the public or to party members shall be considered reasonable in relation to the value received.~~

A participating candidate may:

1. Make a payment from the candidate's campaign bank account:
 - a. To a political committee or civic organization including a person with tax exempt status under section 501(a) of the internal revenue code or an unincorporated association. The payment is not a contribution if the payment is reasonable in relation to the value received.
 - b. For customary charges for services rendered, such as for printing and obtaining voter or telephone lists, shall be considered reasonable in relation to the value received.
 - c. Of not more than \$200 per person to attend a political event open to the public or to

party members shall be considered reasonable in relation to the value received.

2. Only make an advanced payment to a political party for services such as consulting, communications, field employees, canvassers, mailers, auto-dialers, telephone town halls, electronic communications and other advertising purchases and other campaign services if an itemized invoice identifying the value of the service is provided directly to the participating candidate at the time of the advanced payment.
 - a. Payment in the absence of an itemized invoice or advanced payment for such services shall be deemed a contribution to the political party.
 - b. Payment may be advanced for postage upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of the postage.
 - c. Payment may be advanced for advertising that customarily requires pre-payment upon the receipt of a written estimate and so long as any balance is returned to the

candidate if the advance exceeds the actual cost of the advertisement.

- d. A political party may not mark up or add any additional charge to the value of services provided to the particular candidate. All expenditures must be for the services used by the particular participating candidate.
- e. The Commission shall be included in the mail batch for all mailers and invitations. The Commission shall also be provided with documentation from the mail house, printer or other original source showing the number of mailers printed and the number of households to which a mailer was sent. Failure to provide this information within 7 days after a mailer has been mailed may be considered as evidence the mailer was not for direct campaign purposes.

R2-20-703.01 Campaign Consultants (NEW RULE)

- A. For purposes of this rule "Campaign Consultant" means any person paid by a participating candidate's campaign or who provides services that are ordinarily charged to a person, except services provided for in A.R.S. 16-911(6)(b).
- B. A participating candidate may engage campaign consultants.
- C. A participating candidate may only advance a campaign consultant for services such as consulting, communications, field employees, canvassers, mailers, auto-dialers, telephone town halls, electronic communications and other advertising purchases and other campaign service if an -itemized invoice identifying the value of the services is provided directly to that particular candidate at the time of the advance payment. ~~The invoice shall also identify the consultant's mark up, percentage or other additional charge above the actual cost of the service provided~~
1. Providing payment for such services as described in subsection (C) of this rule in the absence of an itemized invoice or advance payment for such services shall be deemed not to be a direct campaign expenditure.

2. A participating candidate may advance payment for postage upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of postage.

3. A participating candidate may advance payment for advertising that customarily requires pre-payment upon the receipt of a written estimate and so long as any balance is returned to the candidate if the advance exceeds the actual cost of the advertisement.

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

~~E. Any consultant engaged by a participating candidate shall provide the participating candidate and the Commission with a sworn affidavit identifying all other clients who are: candidates for any office in the state of Arizona, political committees, a person~~

~~with tax exempt status under section 501(a) of the internal revenue code, or an unincorporated association, or corporations engaged independent expenditures in the state of Arizona. This affidavit shall be updated monthly beginning the first of the month of every month of the remaining election cycle. In the event the relationship is terminated a sworn affidavit so stating shall be provided to the participating candidate and the commission within 5 days.~~

PROPOSED