

REFERENCE TITLE: clean elections; contributions; traditional financing

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2841

Introduced by
Representatives Proud, Gowan: Senators Burges, Reagan

AN ACT

AMENDING SECTIONS 16-901, 16-901.01, 16-905, 16-941, 16-945, 16-946, 16-947, 16-949, 16-950, 16-951, 16-952, 16-953, 16-954, 16-956, 16-958, 16-959, 16-961, 41-2421, 43-323, 43-1071 AND 43-1096, ARIZONA REVISED STATUTES; RELATING TO CAMPAIGN CONTRIBUTIONS AND EXPENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 16-901, Arizona Revised Statutes, is amended to
3 read:

4 16-901. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Agent" means, with respect to any person other than a candidate,
7 any person who has oral or written authority, either express or implied, to
8 make or authorize the making of expenditures as defined in this section on
9 behalf of a candidate, any person who has been authorized by the treasurer of
10 a political committee to make or authorize the making of expenditures or a
11 political consultant for a candidate or political committee.

12 2. "Candidate" means an individual who receives or gives consent for
13 receipt of a contribution for his nomination for or election to any office in
14 this state other than a federal office.

15 3. "Candidate's campaign committee" means a political committee
16 designated and authorized by a candidate.

17 4. "Clearly identified candidate" means that the name, a photograph or
18 a drawing of the candidate appears or the identity of the candidate is
19 otherwise apparent by unambiguous reference.

20 5. "Contribution" means any gift, subscription, loan, advance or
21 deposit of money or anything of value made for the purpose of influencing an
22 election including supporting or opposing the recall of a public officer or
23 supporting or opposing the circulation of a petition for a ballot measure,
24 question or proposition or the recall of a public officer and:

25 (a) Includes all of the following:

26 (i) A contribution made to retire campaign debt.

27 (ii) Money or the fair market value of anything directly or indirectly
28 given or loaned to an elected official for the purpose of defraying the
29 expense of communications with constituents, regardless of whether the
30 elected official has declared his candidacy.

31 (iii) The entire amount paid to a political committee to attend a
32 fund-raising or other political event and the entire amount paid to a
33 political committee as the purchase price for a fund-raising meal or item,
34 except that no contribution results if the actual cost of the meal or
35 fund-raising item, based on the amount charged to the committee by the
36 vendor, constitutes the entire amount paid by the purchaser for the meal or
37 item, the meal or item is for the purchaser's personal use and not for resale
38 and the actual cost is the entire amount paid by the purchaser in connection
39 with the event. This exception does not apply to auction items.

40 (iv) Unless specifically exempted, the provision of goods or services
41 without charge or at a charge that is less than the usual and normal charge
42 for such goods and services.

43 (b) Does not include any of the following:

1 (i) The value of services provided without compensation by any
2 individual who volunteers on behalf of a candidate, a candidate's campaign
3 committee or any other political committee.

4 (ii) Money or the value of anything directly or indirectly provided to
5 defray the expense of an elected official meeting with constituents if the
6 elected official is engaged in the performance of the duties of his office or
7 provided by the state or a political subdivision to an elected official for
8 communication with constituents if the elected official is engaged in the
9 performance of the duties of his office.

10 (iii) The use of real or personal property, including a church or
11 community room used on a regular basis by members of a community for
12 noncommercial purposes, that is obtained by an individual in the course of
13 volunteering personal services to any candidate, candidate's committee or
14 political party, and the cost of invitations, food and beverages voluntarily
15 provided by an individual to any candidate, candidate's campaign committee or
16 political party in rendering voluntary personal services on the individual's
17 residential premises or in the church or community room for candidate-related
18 or political party-related activities, to the extent that the cumulative
19 value of the invitations, food and beverages provided by the individual on
20 behalf of any single candidate does not exceed one hundred dollars with
21 respect to any single election.

22 (iv) Any unreimbursed payment for personal travel expenses made by an
23 individual who on his own behalf volunteers his personal services to a
24 candidate.

25 (v) The payment by a political party for party operating expenses,
26 party staff and personnel, party newsletters and reports, voter registration
27 and efforts to increase voter turnout, party organization building and
28 maintenance and printing and postage expenses for slate cards, sample
29 ballots, other written materials that substantially promote three or more
30 nominees of the party for public office and other election activities not
31 related to a specific candidate, except that this item does not apply to
32 costs incurred with respect to a display of the listing of candidates made on
33 telecommunications systems or in newspapers, magazines or similar types of
34 general circulation advertising.

35 (vi) Independent expenditures.

36 (vii) Monies loaned by a state bank, a federally chartered depository
37 institution or a depository institution the deposits or accounts of which are
38 insured by the federal deposit insurance corporation or the national credit
39 union administration, other than an overdraft made with respect to a checking
40 or savings account, that is made in accordance with applicable law and in the
41 ordinary course of business. In order for this exemption to apply, this loan
42 shall be deemed a loan by each endorser or guarantor, in that proportion of
43 the unpaid balance that each endorser or guarantor bears to the total number
44 of endorsers or guarantors, the loan shall be made on a basis that assures
45 repayment, evidenced by a written instrument, shall be subject to a due date

1 or amortization schedule and shall bear the usual and customary interest rate
2 of the lending institution.

3 (viii) A gift, subscription, loan, advance or deposit of money or
4 anything of value to a national or a state committee of a political party
5 specifically designated to defray any cost for the construction or purchase
6 of an office facility not acquired for the purpose of influencing the
7 election of a candidate in any particular election.

8 (ix) Legal or accounting services rendered to or on behalf of a
9 political committee or a candidate, if the only person paying for the
10 services is the regular employer of the individual rendering the services and
11 if the services are solely for the purpose of compliance with this title.

12 (x) The payment by a political party of the costs of campaign
13 materials, including pins, bumper stickers, handbills, brochures, posters,
14 party tabloids and yard signs, used by the party in connection with volunteer
15 activities on behalf of any nominee of the party or the payment by a state or
16 local committee of a political party of the costs of voter registration and
17 get-out-the-vote activities conducted by the committee if the payments are
18 not for the costs of campaign materials or activities used in connection with
19 any telecommunication, newspaper, magazine, billboard, direct mail or similar
20 type of general public communication or political advertising.

21 (xi) Transfers between political committees to distribute monies
22 raised through a joint fund-raising effort in the same proportion to each
23 committee's share of the fund-raising expenses and payments from one
24 political committee to another in reimbursement of a committee's
25 proportionate share of its expenses in connection with a joint fund-raising
26 effort.

27 (xii) An extension of credit for goods and services made in the
28 ordinary course of the creditor's business if the terms are substantially
29 similar to extensions of credit to nonpolitical debtors that are of similar
30 risk and size of obligation and if the creditor makes a commercially
31 reasonable attempt to collect the debt, except that any extension of credit
32 under this item made for the purpose of influencing an election which remains
33 unsatisfied by the candidate after six months, notwithstanding good faith
34 collection efforts by the creditor, shall be deemed receipt of a contribution
35 by the candidate but not a contribution by the creditor.

36 (xiii) Interest or dividends earned by a political committee on any
37 bank accounts, deposits or other investments of the political committee.

38 (xiv) FIVE DOLLARS QUALIFYING CONTRIBUTIONS COLLECTED PURSUANT TO
39 SECTION 16-946.

40 6. "Earmarked" means a designation, instruction or encumbrance that
41 results in all or any part of a contribution or expenditure being made to, or
42 expended on behalf of, a clearly identified candidate or a candidate's
43 campaign committee.

44 7. "Election" means any election for any initiative, referendum or
45 other measure or proposition or a primary, general, recall, special or runoff

1 election for any office in this state other than the office of precinct
2 committeeman and other than a federal office. For purposes of sections
3 16-903 and 16-905, the general election includes the primary election.

4 8. "Expenditures" includes any purchase, payment, distribution, loan,
5 advance, deposit or gift of money or anything of value made by a person for
6 the purpose of influencing an election in this state including supporting or
7 opposing the recall of a public officer or supporting or opposing the
8 circulation of a petition for a ballot measure, question or proposition or
9 the recall of a public officer and a contract, promise or agreement to make
10 an expenditure resulting in an extension of credit and the value of any
11 in-kind contribution received. Expenditure does not include any of the
12 following:

13 (a) A news story, commentary or editorial distributed through the
14 facilities of any telecommunications system, newspaper, magazine or other
15 periodical publication, unless the facilities are owned or controlled by a
16 political committee, political party or candidate.

17 (b) Nonpartisan activity designed to encourage individuals to vote or
18 to register to vote.

19 (c) The payment by a political party of the costs of preparation,
20 display, mailing or other distribution incurred by the party with respect to
21 any printed slate card, sample ballot or other printed listing of three or
22 more candidates for any public office for which an election is held, except
23 that this subdivision does not apply to costs incurred by the party with
24 respect to a display of any listing of candidates made on any
25 telecommunications system or in newspapers, magazines or similar types of
26 general public political advertising.

27 (d) The payment by a political party of the costs of campaign
28 materials, including pins, bumper stickers, handbills, brochures, posters,
29 party tabloids and yard signs, used by the party in connection with volunteer
30 activities on behalf of any nominee of the party or the payment by a state or
31 local committee of a political party of the costs of voter registration and
32 get-out-the-vote activities conducted by the committee if the payments are
33 not for the costs of campaign materials or activities used in connection with
34 any telecommunications system, newspaper, magazine, billboard, direct mail or
35 similar type of general public communication or political advertising.

36 (e) Any deposit or other payment filed with the secretary of state or
37 any other similar officer to pay any portion of the cost of printing an
38 argument in a publicity pamphlet advocating or opposing a ballot measure.

39 9. "Exploratory committee" means a political committee that is formed
40 for the purpose of determining whether an individual will become a candidate
41 and that receives contributions or makes expenditures of more than five
42 hundred dollars in connection with that purpose.

43 10. "Family contribution" means any contribution that is provided to a
44 candidate's campaign committee by a parent, grandparent, spouse, child or
45 sibling of the candidate or a parent or spouse of any of those persons.

1 11. "Filing officer" means the office that is designated by section
2 16-916 to conduct the duties prescribed by this chapter.

3 12. "Identification" means:

4 (a) For an individual, his name and mailing address, his occupation
5 and the name of his employer.

6 (b) For any other person, including a political committee, the full
7 name and mailing address of the person. For a political committee,
8 identification includes the identification number issued on the filing of a
9 statement of organization pursuant to section 16-902.01.

10 13. "Incomplete contribution" means any contribution received by a
11 political committee for which the contributor's mailing address, occupation,
12 employer or identification number has not been obtained and is not in the
13 possession of the political committee.

14 14. "Independent expenditure" means an expenditure by a person or
15 political committee, other than a candidate's campaign committee, that
16 expressly advocates the election or defeat of a clearly identified candidate,
17 that is made without cooperation or consultation with any candidate or
18 committee or agent of the candidate and that is not made in concert with or
19 at the request or suggestion of a candidate, or any committee or agent of the
20 candidate. Independent expenditure includes an expenditure that is subject
21 to the requirements of section 16-917 which requires a copy of campaign
22 literature or advertisement to be sent to a candidate named or otherwise
23 referred to in the literature or advertisement. An expenditure is not an
24 independent expenditure if any of the following applies:

25 (a) Any officer, member, employee or agent of the political committee
26 making the expenditure is also an officer, member, employee or agent of the
27 committee of the candidate whose election or whose opponent's defeat is being
28 advocated by the expenditure or an agent of the candidate whose election or
29 whose opponent's defeat is being advocated by the expenditure.

30 (b) There is any arrangement, coordination or direction with respect
31 to the expenditure between the candidate or the candidate's agent and the
32 person making the expenditure, including any officer, director, employee or
33 agent of that person.

34 (c) In the same election the person making the expenditure, including
35 any officer, director, employee or agent of that person, is or has been:

36 (i) Authorized to raise or expend monies on behalf of the candidate or
37 the candidate's authorized committees.

38 (ii) Receiving any form of compensation or reimbursement from the
39 candidate, the candidate's committees or the candidate's agent.

40 (d) The expenditure is based on information about the candidate's
41 plans, projects or needs, or those of his campaign committee, provided to the
42 expending person by the candidate or by the candidate's agents or any
43 officer, member or employee of the candidate's campaign committee with a view
44 toward having the expenditure made.

1 15. "In-kind contribution" means a contribution of goods or services or
2 anything of value and not a monetary contribution.

3 16. "Itemized" means that each contribution received or expenditure
4 made is set forth separately.

5 17. "Literature or advertisement" means information or materials that
6 are mailed, distributed or placed in some medium of communication for the
7 purpose of influencing the outcome of an election.

8 18. "Personal monies" means any of the following:

9 (a) Assets to which the candidate has a legal right of access or
10 control at the time he becomes a candidate and with respect to which the
11 candidate has either legal title or an equitable interest.

12 (b) Salary and other earned income from bona fide employment of the
13 candidate, dividends and proceeds from the sale of the stocks or investments
14 of the candidate, bequests to the candidate, income to the candidate from
15 trusts established before candidacy, income to the candidate from trusts
16 established by bequest after candidacy of which the candidate is a
17 beneficiary, gifts to the candidate of a personal nature that have been
18 customarily received before the candidacy and proceeds received by the
19 candidate from lotteries and other legal games of chance.

20 (c) The proceeds of loans obtained by the candidate that are not
21 contributions and for which the collateral or security is covered by
22 subdivision (a) or (b) of this paragraph.

23 (d) Family contributions.

24 19. "Political committee" means a candidate or any association or
25 combination of persons that is organized, conducted or combined for the
26 purpose of influencing the result of any election or to determine whether an
27 individual will become a candidate for election in this state or in any
28 county, city, town, district or precinct in this state, that engages in
29 political activity in behalf of or against a candidate for election or
30 retention or in support of or opposition to an initiative, referendum or
31 recall or any other measure or proposition and that applies for a serial
32 number and circulates petitions and, in the case of a candidate for public
33 office except those exempt pursuant to section 16-903, that receives
34 contributions or makes expenditures in connection therewith, notwithstanding
35 that the association or combination of persons may be part of a larger
36 association, combination of persons or sponsoring organization not primarily
37 organized, conducted or combined for the purpose of influencing the result of
38 any election in this state or in any county, city, town or precinct in this
39 state. Political committee includes the following types of committees:

40 (a) A candidate's campaign committee.

41 (b) A separate, segregated fund established by a corporation or labor
42 organization pursuant to section 16-920, subsection A, paragraph 3.

43 (c) A committee acting in support of or opposition to the
44 qualification, passage or defeat of a ballot measure, question or
45 proposition.

1 (d) A committee organized to circulate or oppose a recall petition or
2 to influence the result of a recall election.

3 (e) A political party.

4 (f) A committee organized for the purpose of making independent
5 expenditures.

6 (g) A committee organized in support of or opposition to one or more
7 candidates.

8 (h) A political organization.

9 (i) An exploratory committee.

10 20. "Political organization" means an organization that is formally
11 affiliated with and recognized by a political party including a district
12 committee organized pursuant to section 16-823.

13 21. "Political party" means the state committee as prescribed by
14 section 16-825 or the county committee as prescribed by section 16-821 of an
15 organization that meets the requirements for recognition as a political party
16 pursuant to section 16-801 or section 16-804, subsection A.

17 22. "Sponsoring organization" means any organization that establishes,
18 administers or contributes financial support to the administration of, or
19 that has common or overlapping membership or officers with, a political
20 committee other than a candidate's campaign committee.

21 23. "Standing political committee" means a political committee that ~~is~~
22 **SATISFIES** all of the following:

23 (a) **IS** active in more than one reporting jurisdiction in this state
24 for more than one year.

25 (b) Files a statement of organization as prescribed by section
26 16-902.01, subsection E.

27 (c) Is any of the following as defined by paragraph 19 of this
28 section:

29 (i) A separate, segregated fund.

30 (ii) A political party.

31 (iii) A committee organized for the purpose of making independent
32 expenditures.

33 (iv) A political organization.

34 24. "Statewide office" means the office of governor, secretary of
35 state, state treasurer, attorney general, superintendent of public
36 instruction, corporation commissioner or mine inspector.

37 25. "Surplus monies" means those monies of a political committee
38 remaining after all of the committee's expenditures have been made and its
39 debts have been extinguished.

40 Sec. 2. Subject to the requirements of article IV, part 1, section 1,
41 Constitution of Arizona, section 16-901.01, Arizona Revised Statutes, is
42 amended to read:

43 16-901.01. Limitations on certain unreported expenditures and
44 contributions

45 A. For **THE** purposes of this chapter, "expressly advocates" means:

1 1. Conveying a communication containing a phrase such as "vote for,"
2 "elect," "~~re-elect~~ REELECT," "support," "endorse," "cast your ballot for,"
3 "(name of candidate) in (year)," "(name of candidate) for (office)," "vote
4 against," "defeat," "reject,"~~—~~ or a campaign slogan or words that in context
5 can have no reasonable meaning other than to advocate the election or defeat
6 of one or more clearly identified candidates. ~~, or~~

7 2. Making a general public communication, such as in a broadcast
8 medium, newspaper, magazine, billboard,~~—~~ or direct mailer referring to one or
9 more clearly identified candidates and targeted to the electorate of that
10 candidate(s)~~—~~

11 ~~(A)~~ that in context can have no reasonable meaning other than to
12 advocate the election or defeat of the candidate(s), as evidenced by factors
13 such as the presentation of the candidate(s) in a favorable or unfavorable
14 light, the targeting, placement,~~—~~ or timing of the communication,~~—~~ or the
15 inclusion of statements of the candidate(s) or opponents. ~~, or~~

16 ~~(B) In the sixteen-week period immediately preceding a general~~
17 ~~election.~~

18 B. A communication within the scope of subsection A, paragraph 2 shall
19 not be considered as one that ~~"expressly advocates"~~ merely because it
20 presents information about the voting record or position on a campaign issue
21 of three or more candidates, so long as it is not made in coordination with a
22 candidate, political party, agent of the candidate or party,~~—~~ or a person who
23 is coordinating with a candidate or candidate's agent.

24 Sec. 3. Section 16-905, Arizona Revised Statutes, is amended to read:
25 16-905. Contribution limitations; civil penalty; complaint

26 A. For an election other than for a statewide office, a contributor
27 shall not give and an exploratory committee, a candidate or a candidate's
28 campaign committee shall not accept contributions of more than:

29 1. For an election for a legislative office, ~~four hundred eighty eight~~
30 **ONE THOUSAND** dollars from an individual.

31 2. For an election other than for a legislative office, ~~three~~ **FIVE**
32 hundred ~~ninety~~ dollars from an individual.

33 3. For an election for a legislative office, ~~four hundred eighty eight~~
34 **ONE THOUSAND** dollars from a single political committee, excluding a political
35 party, not certified under subsection G of this section to make contributions
36 at the higher limits prescribed by paragraph 5 of this subsection and
37 subsection B, paragraph 3 of this section.

38 4. For an election other than for a legislative office, ~~three~~ **FIVE**
39 hundred ~~ninety~~ dollars from a single political committee, excluding a
40 political party, not certified under subsection G of this section to make
41 contributions at the higher limits prescribed by subsection B, paragraph 3 of
42 this section.

43 5. **FOR AN ELECTION OTHER THAN FOR A LEGISLATIVE OFFICE**, two thousand
44 dollars from a single political committee, excluding a political party,
45 certified pursuant to subsection G of this section.

1 6. FOR AN ELECTION FOR A LEGISLATIVE OFFICE, FOUR THOUSAND DOLLARS
2 FROM A SINGLE POLITICAL COMMITTEE, EXCLUDING A POLITICAL PARTY, CERTIFIED
3 PURSUANT TO SUBSECTION G OF THIS SECTION.

4 B. For an election for a statewide office, a contributor shall not
5 give and an exploratory committee, a candidate or a candidate's committee
6 shall not accept contributions of more than:

7 1. ~~One~~ TWO thousand ~~ten~~ dollars from an individual.

8 2. ~~One~~ TWO thousand ~~ten~~ dollars from a single political committee,
9 excluding a political party, not certified under subsection G of this section
10 to make contributions at the higher limits prescribed by subsection A,
11 paragraph 5 of this section and paragraph 3 of this subsection.

12 3. ~~Five~~ EIGHT thousand ~~ten~~ dollars from a single political committee,
13 excluding political parties, certified pursuant to subsection G of this
14 section.

15 C. A candidate shall not accept contributions from all political
16 committees, excluding political parties, combined totaling more than:

17 1. For an election for a legislative office, ~~sixteen~~ TWENTY-FIVE
18 thousand ~~one hundred fifty~~ dollars.

19 2. For an office other than a legislative office or a statewide
20 office, ~~ten~~ ELEVEN thousand ~~twenty~~ EIGHTY dollars.

21 3. For a statewide office, one hundred FIFTY thousand ~~one hundred ten~~
22 dollars.

23 D. A nominee of a political party shall not accept contributions from
24 all political parties or political organizations combined totaling more than
25 ~~ten~~ TWENTY-FIVE thousand ~~twenty~~ dollars for an election for an office other
26 than a statewide office, and one hundred FIFTY thousand ~~one hundred ten~~
27 dollars for an election for a statewide office.

28 E. An individual ~~shall not~~ MAY make UNLIMITED contributions ~~totaling~~
29 ~~more than five thousand six hundred ten dollars~~ in a calendar year to state
30 and local candidates and political committees contributing to state or local
31 candidates. ~~Contributions to political parties and contributions to~~
32 ~~independent expenditure committees are exempt from the limitations of this~~
33 ~~subsection.~~

34 F. A candidate's campaign committee or an individual's exploratory
35 committee shall not make a loan and shall not transfer or contribute money to
36 any other campaign or exploratory committee that is designated pursuant to
37 this chapter or 2 United States Code section 431 except as follows:

38 1. An exploratory committee may transfer monies to a subsequent
39 candidate's campaign committee of the individual designating the exploratory
40 committee, subject to the limits of subsection B of this section.

41 2. A candidate's campaign committee may transfer or contribute monies
42 to another campaign committee designated by the same candidate as follows:

43 (a) Subject to the contribution limits of this section, transfer or
44 contribute monies from one committee to another if both committees have been
45 designated for an election in the same year.

1 (b) Without application of the contribution limits of this section,
2 transfer or contribute monies from one committee to another designated for an
3 election in a subsequent year.

4 G. Only political committees that received monies from five hundred or
5 more individuals in amounts of ten dollars or more in the one year period
6 immediately before application to the secretary of state for qualification as
7 a political committee pursuant to this section may make contributions to
8 candidates under subsection A, paragraph 5 of this section and subsection B,
9 paragraph 3 of this section. The secretary of state shall obtain information
10 necessary to make the determination that a committee meets the requirements
11 of this subsection and shall provide written certification of the fact to the
12 committee. A political committee certification is valid for two years. A
13 candidate's campaign committee shall not accept a contribution pursuant to
14 this subsection unless it is accompanied by a copy of the certification. All
15 political committees that do not meet the requirements of this subsection are
16 subject to the individual campaign contribution limits of subsection A,
17 paragraphs 1 and 2 of this section and subsection B, paragraph 1 of this
18 section.

19 H. The secretary of state biennially shall adjust to the nearest ten
20 dollars the amounts in subsections A through E of this section by the
21 percentage change in the consumer price index and publish the new amounts for
22 distribution to election officials, candidates and campaign committees. For
23 the purposes of this subsection, "consumer price index" means the consumer
24 price index for all urban consumers, United States city average, that is
25 published by the United States department of labor, bureau of labor
26 statistics.

27 I. The following specific limitations and procedures apply:

28 1. The limits of subsections A through E of this section apply to each
29 election for any office or offices ~~which~~ THAT the candidate seeks.

30 2. The limits of subsections A, B and C of this section apply to the
31 total contributions from all separate segregated funds established, as
32 provided in section 16-920, by a corporation, labor organization, trade
33 association, cooperative or corporation without capital stock.

34 3. A contribution by an unemancipated minor child shall be treated as
35 a contribution by the child's custodial parent or parents for determining
36 compliance with subsection A, paragraphs 1 and 2, subsection B, paragraph 1
37 and subsection E of this section.

38 4. A contribution by an individual or a single political committee to
39 two or more candidates in connection with a joint fund-raising effort shall
40 be divided among the candidates in direct proportion to each candidate
41 campaign committee's share of the expenses for the fund-raising effort.

42 5. A candidate shall sign and file with the candidate's nomination
43 paper a statement that the candidate has read all applicable laws relating to
44 campaign financing and reporting.

1 legislature or more than one thousand dollars for a candidate for statewide
2 office.

3 3. Shall not make expenditures in the primary election period in
4 excess of the adjusted primary election spending limit.

5 4. Shall not make expenditures in the general election period in
6 excess of the adjusted general election spending limit.

7 5. Shall comply with section 16-948 regarding campaign accounts and
8 section 16-953 regarding returning unused monies to the citizens clean
9 elections fund described in this article.

10 B. Notwithstanding any law to the contrary, a nonparticipating
11 candidate:

12 1. Shall not accept contributions in excess of an amount that is
13 twenty per cent less than the limits specified in section 16-905, subsections
14 A through E, as adjusted by the secretary of state pursuant to section
15 16-905, subsection H. Any violation of this paragraph shall be subject to
16 the civil penalties and procedures set forth in section 16-905, subsections J
17 through M and section 16-924.

18 2. Shall comply with section 16-958 regarding reporting, including
19 filing reports with the secretary of state indicating whenever
20 (a) expenditures other than independent expenditures on behalf of the
21 candidate, from the beginning of the election cycle to any date up to primary
22 election day, exceed seventy per cent of the original primary election
23 spending limit applicable to a participating candidate seeking the same
24 office, or (b) contributions to a candidate, from the beginning of the
25 election cycle to any date during the general election period, less
26 expenditures made from the beginning of the election cycle through primary
27 election day, exceed seventy per cent of the original general election
28 spending limit applicable to a participating candidate seeking the same
29 office. A nonparticipating candidate is exempt from this paragraph if there
30 is no participating candidate running against that nonparticipating
31 candidate.

32 C. Notwithstanding any law to the contrary, a candidate, whether
33 participating or nonparticipating:

34 1. If specified in a written agreement signed by the candidate and one
35 or more opposing candidates and filed with the citizens clean elections
36 commission, shall not make any expenditure in the primary or general election
37 period exceeding an agreed-upon amount lower than spending limits otherwise
38 applicable by statute.

39 2. Shall continue to be bound by all other applicable election and
40 campaign finance statutes and rules, with the exception of those provisions
41 in express or clear conflict with this article.

42 D. Notwithstanding any law to the contrary, any person who makes
43 independent expenditures related to a particular office cumulatively
44 exceeding five hundred dollars in an election cycle, with the exception of
45 any expenditure listed in section 16-920 and any independent expenditure by

1 an organization arising from a communication directly to the organization's
2 members, shareholders, employees, affiliated persons and subscribers, shall
3 file reports with the secretary of state in accordance with section 16-958 so
4 indicating, identifying the office and the candidate or group of candidates
5 whose election or defeat is being advocated and stating whether the person is
6 advocating election or advocating defeat.

7 Sec. 5. Subject to the requirements of article IV, part 1, section 1,
8 Constitution of Arizona, section 16-945, Arizona Revised Statutes, is amended
9 to read:

10 16-945. Small donor contributions

11 A. A participating candidate may accept ~~early~~ SMALL DONOR
12 contributions only from individuals ~~and only during the exploratory period~~
13 ~~and the qualifying period~~, subject to the following limitations:

14 1. Notwithstanding any law to the contrary, no contributor shall give,
15 and no participating candidate shall accept, contributions from a contributor
16 exceeding one hundred dollars during an election cycle.

17 ~~2. Notwithstanding any law to the contrary, early contributions to a~~
18 ~~participating candidate from all sources for an election cycle shall not~~
19 ~~exceed, for a candidate for governor, forty thousand dollars or, for other~~
20 ~~candidates, ten percent of the sum of the original primary election spending~~
21 ~~limit and the original general election spending limit.~~

22 ~~3.~~ 2. Qualifying contributions specified in section 16-946 shall not
23 be included in determining whether the limits in this subsection have been
24 exceeded.

25 ~~B. Early contributions specified in subsection A of this section and~~
26 ~~the candidate's personal monies specified in section 16-941, subsection A,~~
27 ~~paragraph 2 may be spent only during the exploratory period and the~~
28 ~~qualifying period. Any early contributions not spent by the end of the~~
29 ~~qualifying period shall be paid to the fund.~~

30 ~~C.~~ B. If a participating candidate has a debt from an election
31 campaign in this state during a previous election cycle in which the
32 candidate was not a participating candidate, then, during the exploratory
33 period only, the candidate may accept, in addition to ~~early~~ SMALL DONOR
34 contributions specified in subsection A of this section, contributions
35 subject to the limitations in section 16-941, subsection B, paragraph 1, or
36 may exceed the limit on personal monies in section 16-941, subsection A,
37 paragraph 2, provided that such contributions and monies are used solely to
38 retire such debt.

39 Sec. 6. Subject to the requirements of article IV, part 1, section 1,
40 Constitution of Arizona, section 16-946, Arizona Revised Statutes, is amended
41 to read:

42 16-946. Qualifying contributions

43 A. During the qualifying period, a participating candidate may collect
44 qualifying contributions, which shall be paid to the fund.

1 B. To qualify as a ~~"qualifying contribution,"~~ a contribution must
2 be:

3 1. Made by a qualified elector as defined in section 16-121, who at
4 the time of the contribution is registered in the electoral district of the
5 office the candidate is seeking and who has not given another qualifying
6 contribution to that candidate during that election cycle. ~~;~~

7 2. Made by a person who is not given anything of value in exchange for
8 the qualifying contribution. ~~;~~

9 3. In the sum of five dollars, exactly. ~~;~~

10 4. Received unsolicited during the qualifying period or solicited
11 during the qualifying period by a person who is not employed or retained by
12 the candidate and who is not compensated to collect contributions by the
13 candidate or on behalf of the candidate. ~~;~~

14 5. If made by check or money order, made payable to the candidate's
15 campaign committee, or if in cash, deposited in the candidate's campaign
16 committee's account. ~~;~~ ~~and~~

17 6. Accompanied by a three-part reporting slip that includes the
18 printed name, registration address, ~~;~~ and signature of the contributor, the
19 name of the candidate for whom the contribution is made, the date, ~~;~~ and the
20 printed name and signature of the solicitor. AN ELECTRONIC SIGNATURE AS
21 DEFINED IN SECTION 41-351 IS DEEMED TO COMPLY WITH THIS PARAGRAPH.

22 C. A copy of the reporting slip shall be given as a receipt to the
23 contributor, and another copy shall be retained by the candidate's campaign
24 committee. Delivery of an original reporting slip to the secretary of state
25 shall excuse the candidate from disclosure of these contributions on campaign
26 finance reports filed under article 1 of this chapter.

27 Sec. 7. Subject to the requirements of article IV, part 1, section 1,
28 Constitution of Arizona, section 16-947, Arizona Revised Statutes, is amended
29 to read:

30 16-947. Certification as a participating candidate

31 A. A candidate who wishes to be certified as a participating candidate
32 shall FILE, before the end of the qualifying period, ~~file~~ an application with
33 the secretary of state, in a form specified by the citizens clean elections
34 commission.

35 B. The application shall identify the candidate, the office that the
36 candidate plans to seek, ~~;~~ and the candidate's party, if any, and shall
37 contain the candidate's signature, under oath, certifying that:

38 1. The candidate has complied with the restrictions of section 16-941,
39 subsection A during the election cycle to date.

40 2. The candidate's campaign committee and exploratory committee have
41 filed all campaign finance reports required under article 1 of this chapter
42 during the election cycle to date and that they are complete and accurate.

43 3. The candidate will comply with the requirements of section 16-941,
44 subsection A during the remainder of the election cycle and, specifically,
45 will not accept private contributions.

1 C. The commission shall act on the application within one week.
2 Unless, within that time, the commission denies an application and provides
3 written reasons that all or part of a certification in subsection B of this
4 section is incomplete or untrue, the candidate shall be certified as a
5 participating candidate. If the commission denies an application for failure
6 to file all complete and accurate campaign finance reports or failure to make
7 the certification in subsection B, paragraph 3 of this section, the candidate
8 may reapply within two weeks of the commission's decision by filing complete
9 and accurate campaign finance reports and another sworn certification.

10 D. A CANDIDATE SHALL BE DENIED CERTIFICATION IF THAT CANDIDATE WAS
11 REMOVED FROM OFFICE BY THE COMMISSION OR IF THE CANDIDATE IS DELINQUENT IN
12 PAYMENT OF A DEBT TO THE COMMISSION. IF THE DEBT IS PAID IN FULL OR IF THE
13 CANDIDATE IS CURRENT ON A PAYMENT AGREEMENT WITH ANY STATE AGENCY, THE
14 CANDIDATE MAY APPLY FOR CERTIFICATION AS A PARTICIPATING CANDIDATE AND IS
15 ELIGIBLE TO BE CERTIFIED.

16 Sec. 8. Subject to the requirements of article IV, part 1, section 1,
17 Constitution of Arizona, section 16-949, Arizona Revised Statutes, is amended
18 to read:

19 16-949. Caps on spending from citizens clean elections fund

20 A. The commission shall not spend, on all costs incurred under this
21 article during a particular calendar year, more than five dollars times the
22 number of Arizona resident personal income tax returns filed during the
23 previous calendar year. ~~Tax reductions and tax credits awarded to taxpayers~~
24 ~~pursuant to section 16-954, subsections A and B shall not be considered costs~~
25 ~~incurred under this article for purposes of this section.~~ The commission may
26 exceed this limit during a calendar year, provided that it is offset by an
27 equal reduction of the limit during another calendar year during the same
28 four-year period beginning January 1 immediately after a gubernatorial
29 election.

30 B. The commission may use up to ten ~~percent~~ PER CENT of the amount
31 specified in subsection A of this section for reasonable and necessary
32 expenses of administration and enforcement, including the activities
33 specified in section 16-956, subsection A, paragraphs 3 through 7 and
34 subsections B and C. Any portion of the ten ~~percent~~ PER CENT not used for
35 this purpose shall remain in the fund.

36 C. The commission shall apply ten ~~percent~~ PER CENT of the amount
37 specified in subsection A of this section for reasonable and necessary
38 expenses associated with voter education, including the activities specified
39 in section 16-956, subsection A.

40 D. The state treasurer shall administer a citizens clean ~~election~~
41 ELECTIONS fund from which costs incurred under this article shall be paid.
42 IN EACH ODD-NUMBERED YEAR, THE TREASURER SHALL TRANSFER THE SUM OF EIGHT
43 HUNDRED FIFTY-FIVE THOUSAND DOLLARS FOR DEPOSIT BY THE SECRETARY OF STATE
44 INTO AND AMONG THE OFFICEHOLDER EXPENSE ACCOUNTS OF EACH MEMBER OF THE
45 LEGISLATURE ESTABLISHED PURSUANT TO SECTION 41-133. The auditor general

1 shall review the monies in, payments into, ~~and~~ and expenditures from the
2 CITIZENS CLEAN ELECTIONS fund no less often than every four years.

3 Sec. 9. Subject to the requirements of article IV, part 1, section 1,
4 Constitution of Arizona, section 16-950, Arizona Revised Statutes, is amended
5 to read:

6 16-950. Qualification for clean elections funding

7 A. A candidate who has made an application for certification may also
8 apply, in accordance with subsection B of this section, to receive funds from
9 the citizens clean elections fund, instead of receiving private
10 contributions.

11 B. To receive any clean ~~campaign~~ ELECTIONS funding, the candidate must
12 present to the secretary of state no later than one week after the end of the
13 qualifying period a list of names of persons who have made qualifying
14 contributions pursuant to section 16-946 on behalf of the candidate. The
15 list shall be divided by county. At the same time, the candidate must tender
16 to the secretary of state the original reporting slips identified in section
17 16-946, subsection C for persons on the list and an amount equal to the sum
18 of the qualifying contributions collected. The secretary of state shall
19 deposit the amount into the fund.

20 C. The secretary of state shall select at random a sample of five per
21 cent of the number of ~~non-duplicative~~ NONDUPLICATIVE names on the list FOR A
22 CANDIDATE FOR A STATEWIDE OFFICE AND TWENTY PER CENT OF THE NUMBER OF
23 NONDUPLICATIVE NAMES ON THE LIST FOR A CANDIDATE FOR LEGISLATIVE OFFICE and
24 SHALL forward facsimiles of the selected reporting slips to the county
25 recorders for the counties of the addresses specified in the selected slips.
26 Within ten days, the county recorders shall provide a report to the secretary
27 of state identifying as disqualified any slips that are unsigned or undated
28 or that the recorder is unable to verify as matching a person who is
29 registered to vote in the electoral district of the office the candidate is
30 seeking on the date specified on the slip. The secretary of state shall
31 multiply the number of slips not disqualified by twenty, and if the result is
32 greater than one hundred ten per cent of the quantity required, shall approve
33 the candidate for funds, and if the result is less than one hundred ten per
34 cent of the quantity required, the secretary of state shall forward
35 facsimiles of all of the slips to the county recorders for verification, and
36 the county recorders shall check all slips in accordance with the process
37 above. A county recorder shall not check slips already verified. A county
38 recorder shall report verified totals daily to the secretary of state until a
39 determination is made that a sufficient number of verified slips has been
40 submitted. If a sufficient number of verified slips has been submitted to
41 one or more county recorders, the county recorders may stop the verification
42 process.

43 D. To qualify for clean ~~campaign~~ ELECTIONS funding, a candidate must
44 have been approved as a participating candidate pursuant to section 16-947
45 and have obtained the following number of qualifying contributions:

- 1 1. For a candidate for legislature, two hundred.
2 2. For candidate for mine inspector, five hundred.
3 3. For a candidate for treasurer, superintendent of public instruction
4 or corporation commission, one thousand five hundred.
5 4. For a candidate for secretary of state or attorney general, two
6 thousand five hundred.
7 5. For a candidate for governor, four thousand.
8 E. To qualify for clean ~~campaign~~ ELECTIONS funding, a candidate must
9 have met the requirements of this section and either be an independent
10 candidate or meet the following standards:
11 1. To qualify for funding for a party primary election, a candidate
12 must have properly filed nominating papers and nominating petitions with
13 signatures pursuant to chapter 3, articles 2 and 3 of this title in the
14 primary of a political organization entitled to continued representation on
15 the official ballot in accordance with section 16-804.
16 2. To qualify for clean ~~campaign~~ ELECTIONS funding for a general
17 election, a candidate must be a party nominee of such a political
18 organization.
19 Sec. 10. Subject to the requirements of article IV, part 1, section 1,
20 Constitution of Arizona, section 16-951, Arizona Revised Statutes, is amended
21 to read:
22 16-951. Clean campaign funding
23 A. At the beginning of the primary election period, the commission
24 shall pay from the fund to the campaign account of each candidate who
25 qualifies for clean ~~campaign~~ ELECTIONS funding:
26 1. For a candidate who qualifies for clean campaign funding for a
27 party primary election, an amount equal to the original primary election
28 spending limit. ~~;~~
29 2. For an independent candidate who qualifies for clean campaign
30 funding, an amount equal to seventy percent of the sum of the original
31 primary election spending limit and the original general election spending
32 limit. ~~;~~
33 3. For a qualified participating candidate who is unopposed for an
34 office in that candidate's primary, in the primary of any other party, ~~;~~ and
35 by any opposing independent candidate, an amount equal to five dollars times
36 the number of qualifying contributions for that candidate certified by the
37 commission.
38 B. At any time after the first day of January of an election year, any
39 candidate who has met the requirements of section 16-950 may sign and cause
40 to be filed a nomination paper in the form specified by section 16-311,
41 subsection A, with a nominating petition and signatures, instead of filing
42 such papers after the earliest time set for filing specified by that
43 subsection. Upon such filing and verification of the signatures, the
44 commission shall pay the amount specified in subsection A of this section

1 immediately, rather than waiting for the beginning of the primary election
2 period.

3 C. At the beginning of the general election period, the commission
4 shall pay from the fund to the campaign account of each candidate who
5 qualifies for clean ~~campaign~~ ELECTIONS funding for the general election,
6 except those candidates identified in subsection A, ~~paragraphs~~ PARAGRAPH 2
7 ~~or 3~~ or subsection D of this section, an amount equal to the original general
8 election spending limit.

9 D. At the beginning of the general election period, the commission
10 shall pay from the fund to the campaign account of a qualified participating
11 candidate who has not received funds pursuant to subsection A, paragraph 3 of
12 this section and who is unopposed by any other party nominee or any opposing
13 independent candidate an amount equal to five dollars times the number of
14 qualifying contributions for that candidate certified by the commission.

15 E. The special original general election spending limit, for a
16 candidate who has received funds pursuant to subsection A, paragraphs 2 or 3
17 or subsection D of this section, shall be equal to the amount that the
18 commission is obligated to pay to that candidate.

19 F. ON APPLYING FOR CLEAN ELECTIONS FUNDING PURSUANT TO SECTION 16-950,
20 A PARTICIPATING CANDIDATE FOR THE LEGISLATURE IN A ONE-PARTY-DOMINANT
21 LEGISLATIVE DISTRICT WHO IS QUALIFIED FOR CLEAN ELECTIONS FUNDING FOR THE
22 PARTY PRIMARY ELECTION OF THE DOMINANT PARTY MAY CHOOSE TO REALLOCATE A
23 PORTION OF FUNDS FROM THE GENERAL ELECTION PERIOD TO THE PRIMARY ELECTION
24 PERIOD. AT THE BEGINNING OF THE PRIMARY ELECTION PERIOD, THE COMMISSION
25 SHALL PAY FROM THE FUND TO THE CAMPAIGN ACCOUNT OF A PARTICIPATING CANDIDATE
26 WHO MAKES THIS CHOICE AN EXTRA AMOUNT EQUAL TO FIFTY PER CENT OF THE ORIGINAL
27 PRIMARY ELECTION SPENDING LIMIT, AND THE ORIGINAL PRIMARY ELECTION SPENDING
28 LIMIT FOR THE CANDIDATE WHO MAKES THIS CHOICE SHALL BE INCREASED BY THE EXTRA
29 AMOUNT AND THE FOLLOWING APPLY:

30 1. FOR A PRIMARY ELECTION IN WHICH ONE OR MORE PARTICIPATING
31 CANDIDATES HAVE MADE THIS CHOICE, FUNDS SHALL BE PAID UNDER SUBSECTIONS A AND
32 B OF THIS SECTION ONLY TO THE EXTENT OF ANY EXCESS OVER THE ORIGINAL PRIMARY
33 ELECTION SPENDING LIMIT AS SO INCREASED. IF A PARTICIPATING CANDIDATE WHO
34 MAKES THIS CHOICE BECOMES QUALIFIED FOR CLEAN ELECTIONS FUNDING FOR THE
35 GENERAL ELECTION, THE AMOUNT THE CANDIDATE RECEIVES AT THE BEGINNING OF THE
36 GENERAL ELECTION PERIOD SHALL BE REDUCED BY THE EXTRA AMOUNT RECEIVED AT THE
37 BEGINNING OF THE PRIMARY ELECTION PERIOD, AND THE ORIGINAL GENERAL ELECTION
38 SPENDING LIMIT FOR THAT CANDIDATE SHALL BE REDUCED BY THE EXTRA AMOUNT.

39 2. FOR A GENERAL ELECTION IN WHICH A PARTICIPATING CANDIDATE HAS MADE
40 THIS CHOICE, FUNDS SHALL BE PAID UNDER SUBSECTIONS A AND B OF THIS SECTION
41 ONLY TO THE EXTENT OF ANY EXCESS OVER THE ORIGINAL GENERAL ELECTION SPENDING
42 LIMIT, WITHOUT SUCH REDUCTION, UNLESS THE CANDIDATE WHO HAS MADE THIS CHOICE
43 IS THE ONLY PARTICIPATING CANDIDATE IN THE GENERAL ELECTION, IN WHICH CASE
44 SUCH FUNDS SHALL BE PAID TO THE EXTENT OF EXCESS OVER THE ORIGINAL GENERAL
45 ELECTION SPENDING LIMIT WITH SUCH REDUCTION.

1 3. FOR THE PURPOSE OF THIS SUBSECTION, A ONE-PARTY-DOMINANT
2 LEGISLATIVE DISTRICT IS A DISTRICT IN WHICH THE NUMBER OF REGISTERED VOTERS
3 REGISTERED IN THE PARTY WITH THE HIGHEST NUMBER OF REGISTERED VOTERS EXCEEDS
4 THE NUMBER OF REGISTERED VOTERS REGISTERED TO EACH OF THE OTHER PARTIES BY AN
5 AMOUNT AT LEAST AS HIGH AS TEN PER CENT OF THE TOTAL NUMBER OF VOTERS
6 REGISTERED IN THE DISTRICT. THE STATUS OF A DISTRICT AS A ONE-PARTY-DOMINANT
7 LEGISLATIVE DISTRICT SHALL BE DETERMINED AS OF THE BEGINNING OF THE
8 QUALIFYING PERIOD.

9 Sec. 11. Subject to the requirements of article IV, part 1, section 1,
10 Constitution of Arizona, section 16-952, Arizona Revised Statutes, is amended
11 to read:

12 16-952. Small donor supplemental funding of candidates

13 A. Whenever during a primary election period a report is filed, ~~or~~
14 ~~other information comes to the attention of the commission,~~ PURSUANT TO
15 SECTION 16-958, SUBSECTION C indicating that a nonparticipating candidate ~~who~~
16 ~~is not unopposed in that primary~~ WHO HAS QUALIFIED FOR FUNDING has ~~made~~
17 ~~expenditures during the election cycle to date exceeding the original primary~~
18 ~~election spending limit, including any previous adjustments~~ RECEIVED SMALL
19 DONOR CONTRIBUTIONS PURSUANT TO SECTION 16-945, the commission shall
20 immediately pay from the fund to the campaign account of ~~any~~ THAT
21 participating candidate THREE TIMES THE AMOUNT OF CONTRIBUTIONS REPORTED THAT
22 HAVE NOT YET BEEN MATCHED. ~~in the same party primary as the nonparticipating~~
23 ~~candidate an amount equal to any excess of the reported amount over the~~
24 ~~primary election spending limit as previously adjusted, less six per cent for~~
25 ~~a nonparticipating candidate's fund raising expenses and less the amount of~~
26 ~~early contributions raised for that participating candidate for that office~~
27 ~~as prescribed by section 16-945.~~ The primary election spending limit for all
28 such participating candidates shall be adjusted by increasing it by the
29 amount that the commission is obligated to pay to ~~a~~ THAT participating
30 candidate AND BY ANY ADDITIONAL PERMISSIBLE CONTRIBUTIONS RECEIVED AFTER
31 SUPPLEMENTAL FUND HAS REACHED THE MAXIMUM PERMITTED FOR THAT PRIMARY ELECTION
32 CAMPAIGN.

33 B. Whenever during a general election period a report has been filed,
34 ~~or other information comes to the attention of the commission,~~ indicating
35 that the amount a ~~nonparticipating~~ PARTICIPATING candidate ~~who is not~~
36 ~~unopposed~~ has received in contributions during the GENERAL election cycle to
37 date ~~less the amount of expenditures the nonparticipating candidate made~~
38 ~~through the end of the primary election period exceeds the original general~~
39 ~~election spending limit, including any previous adjustments,~~ the commission
40 shall immediately pay from the fund to the campaign account of ~~any~~
41 ~~participating~~ THAT candidate THREE TIMES THE AMOUNT OF GENERAL ELECTION
42 CONTRIBUTIONS THAT HAVE NOT YET BEEN MATCHED. ~~qualified for the ballot and~~
43 ~~seeking the same office as the nonparticipating candidate an amount equal to~~
44 ~~any excess of the reported difference over the general election spending~~
45 ~~limit, as previously adjusted, less six per cent for a nonparticipating~~

1 ~~candidate's fund raising expenses.~~ The general election spending limit for
2 all such participating candidates shall be adjusted by increasing it by the
3 amount that the commission is obligated to pay to ~~a~~ THAT participating
4 candidate AND ANY ADDITIONAL PERMISSIBLE CONTRIBUTIONS RECEIVED AFTER
5 SUPPLEMENTAL FUNDING HAS REACHED THE MAXIMUM PERMITTED FOR THAT GENERAL
6 ELECTION CAMPAIGN.

7 ~~C. For the purposes of subsections A and B of this section, the~~
8 ~~following expenditures reported pursuant to this article shall be treated as~~
9 ~~follows:~~

10 ~~1. Independent expenditures against a participating candidate shall be~~
11 ~~treated as expenditures of each opposing candidate, for the purpose of~~
12 ~~subsection A of this section, or contributions to each opposing candidate,~~
13 ~~for the purpose of subsection B of this section.~~

14 ~~2. Independent expenditures in favor of one or more nonparticipating~~
15 ~~opponents of a participating candidate shall be treated as expenditures of~~
16 ~~those nonparticipating candidates, for the purpose of subsection A of this~~
17 ~~section, or contributions to those nonparticipating candidates, for the~~
18 ~~purpose of subsection B of this section.~~

19 ~~3. Independent expenditures in favor of a participating candidate~~
20 ~~shall be treated, for every opposing participating candidate, as though the~~
21 ~~independent expenditures were an expenditure of a nonparticipating opponent,~~
22 ~~for the purpose of subsection A of this section, or a contribution to a~~
23 ~~nonparticipating opponent, for the purpose of subsection B of this section.~~

24 ~~4. Expenditures made during the primary election period by or on~~
25 ~~behalf of an independent candidate or a nonparticipating candidate who is~~
26 ~~unopposed in a party primary shall be deducted from the total amount of~~
27 ~~monies raised for purposes of determining the amount of equalizing funds, up~~
28 ~~to the amount of primary funds received by the participating candidate.~~
29 ~~Equalizing funds pursuant to subsection B of this section shall then be~~
30 ~~calculated and paid at the start of the general election period.~~

31 ~~5. Expenditures made before the general election period that consist~~
32 ~~of a contract, promise or agreement to make an expenditure during the general~~
33 ~~election period resulting in an extension of credit shall be treated as~~
34 ~~though made during the general election period, and equalizing funds pursuant~~
35 ~~to subsection B of this section shall be paid at the start of the general~~
36 ~~election period.~~

37 ~~6. Expenditures for or against a participating candidate promoting or~~
38 ~~opposing more than one candidate who is not running for the same office shall~~
39 ~~be allocated by the commission among candidates for different offices based~~
40 ~~on the relative size or length and relative prominence of the reference to~~
41 ~~candidates for different offices.~~

42 ~~D. Upon applying for citizen funding pursuant to section 16-950, a~~
43 ~~participating candidate for the legislature in a one-party dominant~~
44 ~~legislative district who is qualified for clean campaign funding for the~~
45 ~~party primary election of the dominant party may choose to reallocate a~~

1 ~~portion of funds from the general election period to the primary election~~
2 ~~period. At the beginning of the primary election period, the commission~~
3 ~~shall pay from the fund to the campaign account of a participating candidate~~
4 ~~who makes this choice an extra amount equal to fifty per cent of the original~~
5 ~~primary election spending limit, and the original primary election spending~~
6 ~~limit for the candidate who makes this choice shall be increased by the extra~~
7 ~~amount. For a primary election in which one or more participating candidates~~
8 ~~have made this choice, funds shall be paid under subsections A and B of this~~
9 ~~section only to the extent of any excess over the original primary election~~
10 ~~spending limit as so increased. If a participating candidate who makes this~~
11 ~~choice becomes qualified for clean campaign funding for the general election,~~
12 ~~the amount the candidate receives at the beginning of the general election~~
13 ~~period shall be reduced by the extra amount received at the beginning of the~~
14 ~~primary election period, and the original general election spending limit for~~
15 ~~that candidate shall be reduced by the extra amount. For a general election~~
16 ~~in which a participating candidate has made this choice, funds shall be paid~~
17 ~~under subsections A and B of this section only to the extent of any excess~~
18 ~~over the original general election spending limit, without such reduction,~~
19 ~~unless the candidate who has made this choice is the only participating~~
20 ~~candidate in the general election, in which case such funds shall be paid to~~
21 ~~the extent of excess over the original general election spending limit with~~
22 ~~such reduction. For the purpose of this subsection, a one-party dominant~~
23 ~~legislative district is a district in which the number of registered voters~~
24 ~~registered in the party with the highest number of registered voters exceeds~~
25 ~~the number of registered voters registered to each of the other parties by an~~
26 ~~amount at least as high as ten per cent of the total number of voters~~
27 ~~registered in the district. The status of a district as a one party dominant~~
28 ~~legislative district shall be determined as of the beginning of the~~
29 ~~qualifying period.~~

30 ~~E. C.~~ If an adjusted spending limit reaches three times the original
31 spending limit for a particular election, the commission shall not pay any
32 further amounts from the fund to the campaign account of any participating
33 candidate, ~~and the spending limit shall not be adjusted further~~ BUT THE
34 CANDIDATE MAY CONTINUE TO SOLICIT AND ACCEPT SMALL DONOR CONTRIBUTIONS
35 PURSUANT TO SECTION 16-945.

36 Sec. 12. Subject to the requirements of article IV, part 1, section 1,
37 Constitution of Arizona, section 16-953, Arizona Revised Statutes, is amended
38 to read:

39 16-953. Return of monies to the citizens clean elections fund

40 A. At the end of the primary election period, a participating
41 candidate who has received monies pursuant to section 16-951, subsection A,
42 paragraph 1 shall return to the fund all monies in the candidate's campaign
43 account above an amount sufficient to pay any unpaid bills for expenditures
44 made during the primary election period and for goods or services directed to
45 the primary election. THE CANDIDATE MAY RETAIN ANY MONIES THAT WERE NOT

1 SUBJECT TO SMALL DONOR SUPPLEMENTAL FUNDING PURSUANT TO SECTION 16-952,
2 SUBSECTION A, BECAUSE THEY WERE IN EXCESS OF THREE TIMES THE INITIAL
3 ALLOTMENT OF MONIES AND THEREFORE CAPPED PURSUANT TO SECTION 16-952,
4 SUBSECTION C. SUCH RETAINED MONIES SHALL BE REPORTED TO THE COMMISSION
5 WITHIN THREE DAYS OF THE END OF THE PRIMARY ELECTION PERIOD. RETAINED MONIES
6 THAT HAVE BEEN REPORTED TO THE COMMISSION MAY BE SPENT DURING THE GENERAL
7 ELECTION PERIOD BUT SHALL NOT BE SUPPLEMENTED PURSUANT TO SECTION 16-952.

8 B. At the end of the general election period, a participating
9 candidate shall return to the fund all monies in the candidate's campaign
10 account above an amount sufficient to pay any unpaid bills for expenditures
11 made before the general election and for goods or services directed to the
12 general election.

13 C. A participating candidate shall pay all uncontested and unpaid
14 bills referenced in this section no later than thirty days after the primary
15 or general election. A participating candidate shall make monthly reports to
16 the commission concerning the status of the dispute over any contested bills.
17 Any monies in a candidate's campaign account after payment of bills shall be
18 returned promptly to the fund.

19 D. If a participating candidate is replaced pursuant to section
20 16-343, and the replacement candidate files an oath with the secretary of
21 state certifying to section 16-947, subsection B, paragraph 3, the campaign
22 account of the participating candidate shall be transferred to the
23 replacement candidate and the commission shall certify the replacement
24 candidate as a participating candidate without requiring compliance with
25 section 16-950 or the remainder of section 16-947. If the replacement
26 candidate does not file such an oath, the campaign account shall be
27 liquidated and all remaining monies returned to the fund.

28 E. If a participating candidate who has received monies pursuant to
29 section 16-951, subsection A, paragraph 1 does not qualify for the ballot for
30 the primary election, the participating candidate shall:

31 1. Return to the fund all monies in the candidate's campaign account
32 above the amount sufficient to pay any unpaid bills for expenditures made
33 before the date the candidate failed to qualify for the primary ballot.

34 2. Return to the commission, within fourteen days, all remaining
35 assets purchased with public funds in that election cycle, including all
36 political signs. The disqualified participating candidate is not required to
37 return political signs purchased in a previous election cycle.

38 3. Repay any monies paid to a family member unless the participating
39 candidate demonstrates that the payment made was for goods or services
40 actually provided before disqualification of the candidate and the payment
41 was for fair market value. For the purposes of this paragraph, "family
42 member" means a parent, grandparent, spouse, child or sibling of the
43 candidate or a parent or spouse of any of those persons.

1 Sec. 13. Subject to the requirements of article IV, part 1, section 1,
2 Constitution of Arizona, section 16-954, Arizona Revised Statutes, is amended
3 to read:

4 16-954. Return of excess monies

5 ~~A. For tax years beginning on or after January 1, 1998, a taxpayer who~~
6 ~~files on a state income tax return form may designate a five dollar voluntary~~
7 ~~contribution per taxpayer to the fund by marking an optional check off box on~~
8 ~~the first page of the form. A taxpayer who checks this box shall receive a~~
9 ~~five dollar reduction in the amount of tax, and five dollars from the amount~~
10 ~~of taxes paid shall be transferred by the department of revenue to the fund.~~
11 ~~The department of revenue shall provide check off boxes, identified as the~~
12 ~~clean elections fund tax reduction, on the first page of income tax return~~
13 ~~forms, for designations pursuant to this subsection.~~

14 ~~B. Any taxpayer may make a voluntary donation to the fund by~~
15 ~~designating the fund on an income tax return form filed by the individual or~~
16 ~~business entity or by making a payment directly to the fund. Any taxpayer~~
17 ~~making a donation pursuant to this subsection shall receive a~~
18 ~~dollar-for-dollar tax credit not to exceed twenty percent of the tax amount~~
19 ~~on the return or five hundred dollars per taxpayer, whichever is higher.~~
20 ~~Donations made pursuant to this section are otherwise not tax deductible and~~
21 ~~cannot be designated as for the benefit of a particular candidate, political~~
22 ~~party, or election contest. The department of revenue shall transfer to the~~
23 ~~fund all donations made pursuant to this subsection. The department of~~
24 ~~revenue shall provide a space, identified as the clean elections fund tax~~
25 ~~credit, on the first page of income tax return forms, for donations pursuant~~
26 ~~to this subsection.~~

27 ~~C.~~ A. Beginning January 1, 1999, an additional surcharge of ten
28 percent PER CENT shall be imposed on all civil and criminal fines and
29 penalties collected pursuant to section 12-116.01 and shall be deposited into
30 the fund.

31 ~~D.~~ B. At least once per year, the commission shall project the amount
32 of monies that the fund will collect over the next four years and the time
33 such monies shall become available. Whenever the commission determines that
34 the fund contains more monies than the commission determines that it requires
35 to meet current debts plus expected expenses, under the assumption that
36 expected expenses will be at the expenditure limit in section 16-949,
37 subsection A, and taking into account the projections of collections, the
38 commission shall designate such monies as excess monies and so notify the
39 state treasurer, who shall thereupon return the excess monies to the general
40 fund.

41 ~~E.~~ C. At least once per year, the commission shall project the amount
42 of citizen funding for which all candidates will have qualified pursuant to
43 this article for the following calendar year. By the end of each year, the
44 commission shall announce whether the amount that the commission plans to
45 spend the following year pursuant to section 16-949, subsection A exceeds the

1 projected amount of citizen funding. If the commission determines that the
2 fund contains insufficient monies or the spending cap would be exceeded were
3 all ~~candidate's~~ CANDIDATES' accounts to be fully funded, ~~then~~ the commission
4 may include in the announcement specifications for decreases in the following
5 parameters, based on the commission's projections of collections and expenses
6 for the fund, made in the following order:

7 1. ~~First,~~ The commission may announce a decrease in the matching cap
8 under section 16-952, subsection ~~E- C~~ from three times to an amount between
9 three and one times.

10 2. ~~Next,~~ The commission may announce that the fund will provide
11 equalization monies under section 16-952, subsections A and B as a fraction
12 of the amounts there specified.

13 3. ~~Finally,~~ The commission may announce that the fund will provide
14 monies under section 16-951 as a fraction of the amounts there specified.

15 ~~F- D.~~ If the commission cannot provide participating candidates with
16 all monies specified under sections 16-951 and 16-952, as decreased by any
17 announcement pursuant to subsection ~~E- C~~ of this section, ~~then~~ the commission
18 shall allocate any reductions in payments proportionately among candidates
19 entitled to monies and shall declare an emergency. Upon declaration of an
20 emergency, a participating candidate may accept private contributions to
21 bring the total monies received by the candidate from the fund and from such
22 private contributions up to the adjusted spending limits, as decreased by any
23 announcement made pursuant to subsection ~~E- C~~ of this section.

24 Sec. 14. Subject to the requirements of article IV, part 1, section 1,
25 Constitution of Arizona, section 16-956, Arizona Revised Statutes, is amended
26 to read:

27 16-956. Voter education and enforcement duties

28 A. The commission shall:

29 1. Develop a procedure for publishing a document or section of a
30 document having a space of predefined size for a message chosen by each
31 candidate. For the document that is ~~mailed~~ DELIVERED before the primary
32 election, the document shall contain the names of every candidate for every
33 statewide and legislative district office in that primary election without
34 regard to whether the candidate is a participating candidate or a
35 nonparticipating candidate. For the document that is ~~mailed~~ DELIVERED before
36 the general election, the document shall contain the names of every candidate
37 for every statewide and legislative district office in that general election
38 without regard to whether the candidate is a participating candidate or a
39 nonparticipating candidate. The commission shall ~~mail~~ DELIVER one copy of
40 each document to every household that contains a registered voter. For the
41 document that is ~~mailed~~ DELIVERED before the primary election, the ~~mailing~~
42 DELIVERY may be made over a period of days but shall be ~~mailed~~ SENT in ~~order~~
43 TIME to be delivered to households before the earliest date for receipt by
44 registered voters of any requested early ballots for the primary election.
45 The commission may ~~mail~~ DELIVER the second document over a period of days but

1 shall ~~mail~~ DELIVER the second document in ~~order~~ TIME to be delivered to
2 households before the earliest date for receipt by registered voters of any
3 requested early ballots for the general election. The primary election and
4 general election documents published by the commission shall comply with all
5 of the following:

6 (a) For any candidate who does not submit a message pursuant to this
7 paragraph, the document shall include with the candidate's listing the words
8 "no statement submitted".

9 (b) The document shall have printed on its cover the words "citizens
10 clean elections commission voter education guide" and the words "primary
11 election" or "general election" and the applicable year. The document shall
12 also contain at or near the bottom of the document cover in type that is no
13 larger than one-half the size of the type used for "citizens clean elections
14 commission voter education guide" the words "paid for by the citizens clean
15 elections fund".

16 (c) In order to prevent voter confusion, the document shall be easily
17 distinguishable from the publicity pamphlet that is required to be produced
18 by the secretary of state pursuant to section 19-123.

19 2. Sponsor debates among candidates, in such manner as determined by
20 the commission. The commission shall require participating candidates to
21 attend and participate in debates and may specify by rule penalties for
22 nonparticipation. The commission shall invite and permit nonparticipating
23 candidates to participate in debates.

24 3. Prescribe forms for reports, statements, notices and other
25 documents required by this article. The commission shall not require a
26 candidate to use a reporting system other than the reporting system jointly
27 approved by the commission and the office of the secretary of state.

28 4. Prepare and publish instructions setting forth methods of
29 bookkeeping and preservation of records to facilitate compliance with this
30 article and explaining the duties of persons and committees under this
31 article.

32 5. Produce a yearly report describing the commission's activities and
33 any recommendations for changes of law, administration or funding amounts and
34 accounting for monies in the fund.

35 6. Adopt rules to implement the reporting requirements of section
36 16-958, ~~subsections D and E.~~

37 7. Enforce this article, ensure that money from the fund is placed in
38 candidate campaign accounts or otherwise spent as specified in this article
39 and not otherwise, monitor reports filed pursuant to this chapter and
40 financial records of candidates as needed to ensure that equalization monies
41 are paid promptly to opposing qualified candidates under section 16-952 and
42 ensure that money required by this article to be paid to the fund is
43 deposited in the fund. The commission shall not take action on any external
44 complaint that is filed more than ninety days after the postelection report

1 is filed or ninety days after the completion of the canvass of the election
2 to which the complaint relates, whichever is later.

3 B. The commission may subpoena witnesses, compel their attendance and
4 testimony, administer oaths and affirmations, take evidence and require by
5 subpoena the production of any books, papers, records or other items material
6 to the performance of the commission's duties or the exercise of its powers.

7 C. The commission may adopt rules to carry out the purposes of this
8 article and to govern procedures of the commission. Commission rule making
9 is exempt from title 41, chapter 6, article 3. The commission shall propose
10 and adopt rules in public meetings, with at least sixty days allowed for
11 interested parties to comment after the rules are proposed. The commission
12 shall also file a notice of exempt rule making and the proposed rule in the
13 format prescribed in section 41-1022 with the secretary of state's office for
14 publication in the Arizona administrative register. After consideration of
15 the comments received in the sixty day comment period, the commission may
16 adopt the rule in an open meeting. Any rules given final approval in an open
17 meeting shall be filed in the format prescribed in section 41-1022 with the
18 secretary of state's office for publication in the Arizona administrative
19 register. Any rules adopted by the commission shall only be applied
20 prospectively from the date the rule was adopted.

21 D. Beginning January 1, 2010, rules adopted by the commission are not
22 effective until January 1 in the year following the adoption of the rule,
23 except that rules adopted by unanimous vote of the commission may be made
24 immediately effective and enforceable.

25 E. If, in the view of the commission, the action of a particular
26 candidate or committee requires immediate change to a commission rule, a
27 unanimous vote of the commission is required. Any rule change made pursuant
28 to this subsection that is enacted with less than a unanimous vote takes
29 effect for the next election cycle.

30 F. Based on the results of the elections in the year 2002 or any
31 quadrennial election thereafter, and within six months after such election,
32 the commission may adopt rules changing the number of qualifying
33 contributions required for any office from those listed in section 16-950,
34 subsection D, by no more than twenty per cent of the number applicable for
35 the preceding election.

36 Sec. 15. Subject to the requirements of article IV, part 1, section 1,
37 Constitution of Arizona, section 16-958, Arizona Revised Statutes, is amended
38 to read:

39 16-958. Manner of filing reports

40 A. Any person who has previously reached the dollar amount specified
41 in section 16-941, subsection D for filing an original report shall file a
42 supplemental report each time previously unreported independent expenditures
43 specified by that subsection exceeds one thousand dollars. Any person who
44 has previously reached the dollar amounts specified in section 16-941,
45 subsection B, paragraph 2 for filing an original report shall file a

1 supplemental report to declare that previously unreported expenditures or
2 contributions specified by that paragraph exceed ten per cent of the original
3 primary election spending limit or twenty-five thousand dollars, whichever is
4 lower, before the general election period, or ten per cent of the original
5 general election spending limit or twenty-five thousand dollars, whichever is
6 lower, during the general election period. Such reports shall be filed at
7 the times specified in subsection B of this section and shall identify the
8 dollar amount being reported, the candidate and the date, and no other detail
9 is required in reports made pursuant to this section.

10 B. Any person who must file an original report pursuant to section
11 16-941, subsection B, paragraph 2 or subsection D or who must file a
12 supplemental report for previously unreported amounts pursuant to subsection
13 A of this section shall file as follows:

14 1. Before the beginning of the primary election period, the person
15 shall file a report on the first of each month, unless the person has not
16 reached the dollar amount for filing an original or supplemental report on
17 that date.

18 2. Thereafter, except as stated in paragraph 3 of this subsection, the
19 person shall file a report on any Tuesday by which the person has reached the
20 dollar amount for filing an original or supplemental report.

21 3. During the last two weeks before the primary election and the last
22 two weeks before the general election, the person shall file a report within
23 one business day of reaching the dollar amount for filing an original or
24 supplemental report.

25 C. A PARTICIPATING CANDIDATE MAY FILE A NOTIFICATION REPORT TO
26 INITIATE THE CALCULATION OF SUPPLEMENTAL FUNDS PURSUANT TO SECTION 16-952 AS
27 FOLLOWS:

28 1. AFTER THE BEGINNING OF THE PRIMARY ELECTION PERIOD, SUPPLEMENTAL
29 FUNDS WILL BE ISSUED ON WEDNESDAYS FOR REPORTS FILED BY THE PREVIOUS MONDAY,
30 AND ON FRIDAYS FOR REPORTS FILED BY THE PREVIOUS WEDNESDAY. NOTIFICATION
31 REPORTS WILL NOT BE ACCEPTED THE WEEK OF THE PRIMARY ELECTION.

32 2. AFTER THE BEGINNING OF THE GENERAL ELECTION PERIOD, SUPPLEMENTAL
33 FUNDS WILL BE ISSUED ON WEDNESDAYS FOR REPORTS FILED BY THE PREVIOUS MONDAY,
34 AND ON FRIDAYS FOR REPORTS FILED BY THE PREVIOUS WEDNESDAY. NOTIFICATION
35 REPORTS WILL NOT BE ACCEPTED THE WEEK OF THE GENERAL ELECTION.

36 ~~C.~~ D. Any filing under this article on behalf of a candidate may be
37 made by the candidate's campaign committee. All candidates shall deposit any
38 check received by and intended for the campaign and made payable to the
39 candidate or the candidate's campaign committee, and all cash received by and
40 intended for the campaign, in the candidate's campaign account before the due
41 date of the next report specified in subsection B of this section. No
42 candidate or person acting on behalf of a candidate shall conspire with a
43 donor to postpone delivery of a donation to the campaign for the purpose of
44 postponing the reporting of the donation in any subsequent report.

1 ~~D.~~ E. The secretary of state shall immediately notify the commission
2 of the filing of each report under this section and deliver a copy of the
3 report to the commission, and the commission shall promptly mail or otherwise
4 deliver a copy of each report filed pursuant to this section to all
5 participating candidates opposing the candidate identified in section 16-941,
6 subsection B, paragraph 2 or subsection D.

7 ~~E.~~ F. Any report filed pursuant to this section or section 16-916,
8 subsection A, paragraph 1 or subsection B shall be filed in electronic
9 format. The secretary of state shall distribute computer software to
10 political committees to accommodate such electronic filing.

11 ~~F.~~ G. During the primary election period and the general election
12 period, all candidates shall make available for public inspection all bank
13 accounts, campaign finance reports and financial records relating to the
14 candidate's campaign, either by immediate disclosure through electronic means
15 or at the candidate's campaign headquarters, in accordance with rules adopted
16 by the commission.

17 Sec. 16. Subject to the requirements of article IV, part 1, section 1,
18 Constitution of Arizona, section 16-959, Arizona Revised Statutes, is amended
19 to read:

20 16-959. Inflationary and other adjustments of dollar values

21 A. Every two years, the secretary of state shall modify the dollar
22 values specified in the following parts of this article, in the manner
23 specified by section 16-905, subsection H, to account for inflation: section
24 16-941, subsection A, paragraph 2 or subsection D; section 16-942, subsection
25 B; section 16-945, subsection A, ~~paragraphs PARAGRAPH 1 and 2~~; section
26 16-948, subsection C; ~~section 16-954, subsection B~~; section 16-955,
27 subsection G; and section 16-961, subsections G and H. In addition, the
28 secretary of state shall make a similar inflation adjustment by modifying the
29 dollar values in section 16-949, subsection A ~~and section 16-954, subsection~~
30 ~~A to the nearest dollar~~ SINCE THE ENACTMENT OF THIS ARTICLE. In addition,
31 every two years, the secretary of state shall change the dollar values in
32 section 16-961, subsections G and H in proportion to the change in the number
33 of Arizona resident personal income tax returns filed during the previous
34 calendar year.

35 B. Based on the results of the elections in the year 2002 or any
36 quadrennial election thereafter, and within six months after such election,
37 the commission may adopt rules in a public meeting reallocating funds
38 available to all candidates between the primary and general elections by
39 selecting a fraction for primary election spending limits that is between
40 one-third and one-half of the spending limits for the election as a whole.
41 For each office, the primary election spending limit shall be modified to be
42 the sum of the primary and general spending limits times the selected
43 fraction, and the general election spending limit shall be modified to be the
44 same sum times one less the selected fraction.

1 Sec. 17. Subject to the requirements of article IV, part 1, section 1,
2 Constitution of Arizona, section 16-961, Arizona Revised Statutes, is amended
3 to read:

4 16-961. Definitions

5 A. The terms "candidate's campaign committee," "contribution,"
6 "expenditures," "exploratory committee," "independent expenditure," "personal
7 monies," "political committee" and "statewide office" are defined in section
8 16-901.

9 B. 1. "Election cycle" means the period between successive general
10 elections for a particular office.

11 2. "Exploratory period" means the period beginning on the day after a
12 general election and ending the day before the start of the qualifying
13 period.

14 3. "Qualifying period" means the period beginning on the first day of
15 August in a year preceding an election, ~~for an election for a statewide~~
16 ~~office, or on the first day of January of an election year, for an election~~
17 ~~for legislator,~~ and ending ~~seventy-five days before the day of the general~~
18 ~~election~~ ONE WEEK BEFORE THE PRIMARY ELECTION.

19 4. "Primary election period" means the nine-week period ending on the
20 day of the primary election.

21 5. "General election period" means the period beginning on the day
22 after the primary election and ending on the day of the general election.

23 6. For any recall election, the qualifying period shall begin when the
24 election is called and last for thirty days, there shall be no primary
25 election period and the general election period shall extend from the day
26 after the end of the qualifying period to the day of the recall election.
27 For recall elections, any reference to "general election" in this article
28 shall be treated as if referring to the recall election.

29 C. 1. "Participating candidate" means a candidate who becomes
30 certified as a participating candidate pursuant to section 16-947.

31 2. "Nonparticipating candidate" means a candidate who does not become
32 certified as a participating candidate pursuant to section 16-947.

33 3. Any limitation of this article that is applicable to a
34 participating candidate or a nonparticipating candidate shall also apply to
35 that candidate's campaign committee or exploratory committee.

36 D. "Commission" means the citizens clean elections commission
37 established pursuant to section 16-955.

38 E. "Fund" means the citizens clean elections fund defined by this
39 article.

40 F. 1. "Party nominee" means a person who has been nominated by a
41 political party pursuant to section 16-301 or 16-343.

42 2. "Independent candidate" means a candidate who has properly filed
43 nominating papers and nominating petitions with signatures pursuant to
44 section 16-341.

1 B. The monies deposited pursuant to subsection A of this section shall
2 be allocated according to the following formula:

3 1. 21.61 per cent to the state aid to county attorneys fund
4 established by section 11-539.

5 2. 20.53 per cent to the state aid to indigent defense fund
6 established by section 11-588.

7 3. 57.37 per cent to the state aid to the courts fund established by
8 section 12-102.02.

9 4. 0.49 per cent to the department of law for the processing of
10 criminal cases.

11 C. Notwithstanding any other law and except as provided in subsection
12 J of this section, five per cent of any monies collected by the superior
13 court, including the clerk of the court and the justice courts in each county
14 for the payment of filing fees, including clerk fees, diversion fees, adult
15 and juvenile probation fees, juvenile monetary assessments, fines, penalties,
16 surcharges, sanctions and forfeitures, shall be transmitted to the county
17 treasurer for allocation pursuant to subsections E, F, G and H of this
18 section. This subsection does not apply to monies collected by the courts
19 pursuant to section 16-954, subsection ~~C~~ A or for child support, restitution
20 or exonerated bonds.

21 D. The supreme court shall adopt guidelines regarding the collection
22 of revenues pursuant to subsections A and C of this section.

23 E. The county treasurer shall allocate the monies deposited pursuant
24 to subsection C of this section according to the following formula:

25 1. 21.61 per cent for the purposes specified in section 11-539.

26 2. 20.53 per cent for the purposes specified in section 11-588.

27 3. 57.37 per cent to the local courts assistance fund established by
28 section 12-102.03.

29 4. 0.49 per cent to the state treasurer for transmittal to the
30 department of law for the processing of criminal cases.

31 F. The board of supervisors in each county shall separately account
32 for all monies received pursuant to subsections C and E of this section and
33 expenditures of these monies may be made only after the requirements of
34 subsections G and H of this section have been met.

35 G. By December 1 of each year each county board of supervisors shall
36 certify if the total revenues received by the justice courts and the superior
37 court, including the clerk of the superior court, exceed the amount received
38 in fiscal year 1997-1998. If the board so certifies, then the board shall
39 distribute the lesser of either:

40 1. The total amount deposited pursuant to subsection C of this
41 section.

42 2. The amount collected and deposited pursuant to subsection C of this
43 section that exceeds the base year collections of fiscal year 1997-1998.
44 These monies shall be distributed according to the formula specified in

1 subsection E of this section. Any monies remaining after this allocation
2 shall be transmitted as otherwise provided by law.

3 H. If a county board of supervisors determines that the total revenues
4 transmitted by the superior court, including the clerk of the superior court
5 and the justice courts in the county, do not equal the base year collections
6 transmitted in fiscal year 1997-1998 the monies specified in subsection C of
7 this section shall be transmitted by the county treasurer as otherwise
8 provided by law.

9 I. For the purposes of this section, base year collections shall be
10 those collections specified in subsection C of this section.

11 J. Monies collected pursuant to section 12-116.01, subsection B shall
12 be allocated as follows:

13 1. 15.44 per cent to the state aid to county attorneys fund
14 established by section 11-539.

15 2. 14.66 per cent to the state aid to indigent defense fund
16 established by section 11-588.

17 3. 40.97 per cent to the state aid to the courts fund established by
18 section 12-102.02.

19 4. 0.35 per cent to the department of law for the processing of
20 criminal cases.

21 5. 14.29 per cent to the Arizona criminal justice commission for
22 distribution to state, county and municipal law enforcement full service
23 forensic crime laboratories pursuant to rules adopted by the Arizona criminal
24 justice commission.

25 6. 14.29 per cent to the supreme court for allocation to the municipal
26 courts pursuant to subsection K of this section.

27 K. The supreme court shall administer and allocate the monies received
28 pursuant to subsection J, paragraph 6 of this section to the municipal courts
29 based on the total amount of surcharges transmitted pursuant to section
30 12-116.01 by that jurisdiction's city treasurer to the state treasurer for
31 the prior fiscal year divided by the total amount of surcharges transmitted
32 to the state treasurer pursuant to section 12-116.01 by all city treasurers
33 statewide for the prior fiscal year. The municipal court shall use the
34 monies received to improve, maintain and enhance the ability to collect and
35 manage monies assessed or received by the courts, to improve court automation
36 and to improve case processing or the administration of justice. The
37 municipal court shall submit a plan to the supreme court and the supreme
38 court shall approve the plan before the municipal court begins to spend these
39 allocated monies.

40 Sec. 19. Section 43-323, Arizona Revised Statutes, is amended to read:

41 43-323. Place and form of filing returns

42 A. All returns required by this title shall be in such form as the
43 department may from time to time prescribe and shall be filed with the
44 department.

1 B. The department shall prescribe a short form return for individual
2 taxpayers who:

3 1. Are eligible and elect to pay tax based on the optional tax tables
4 pursuant to section 43-1012.

5 2. Elect to claim the optional standard deduction pursuant to section
6 43-1041.

7 3. Elect not to file for credits against income tax liability other
8 than those contained in ~~section 16-954, subsection B and~~ sections 43-1072,
9 43-1072.01 and 43-1073.

10 4. Are not required to add any income under section 43-1021 and do not
11 elect any subtractions under section 43-1022, except for the exemptions
12 allowed under section 43-1023.

13 C. The department may provide a simplified return form for individual
14 taxpayers who:

15 1. Are eligible and elect to pay tax based on the optional tax tables
16 pursuant to section 43-1012.

17 2. Are residents for the full taxable year.

18 3. File as single individuals or married couples filing joint returns
19 under section 43-309.

20 4. Are not sixty-five years of age or older or blind at the end of the
21 taxable year.

22 5. Claim no exemptions under section 43-1023 for the taxable year.

23 6. Elect to claim the optional standard deduction under section
24 43-1041.

25 7. Are not required to add any income under section 43-1021 and do not
26 elect to claim any subtractions under section 43-1022 or file for any credits
27 under chapter 10, article 5 of this title except the credits provided by
28 sections 43-1072.01 and 43-1073.

29 8. Do not elect to contribute a portion of any tax refund as provided
30 by any provision of chapter 6, article 1 of this title. Notwithstanding any
31 provision of chapter 6, article 1 of this title, a simplified return form
32 under this subsection shall not include any space for the taxpayer to so
33 contribute a portion of a refund.

34 D. The department shall prepare blank forms for the returns and shall
35 distribute them throughout the state and furnish them upon application.
36 Failure to receive or secure the form does not relieve any taxpayer from
37 making any return required.

38 Sec. 20. Section 43-1071, Arizona Revised Statutes, is amended to
39 read:

40 43-1071. Credit for income taxes paid to other states;
41 definitions

42 A. Subject to the following conditions, residents shall be allowed a
43 credit against the taxes imposed by this chapter for net income taxes imposed
44 by and paid to another state or country on income taxable under this chapter:

1 1. The credit shall be allowed only for taxes paid to the other state
2 or country on income that is derived from sources within that state or
3 country and that is taxable under its laws irrespective of the residence or
4 domicile of the recipient.

5 2. The credit shall not be allowed if the other state or country
6 allows residents of this state a credit against the taxes imposed by that
7 state or country for taxes paid or payable under this chapter.

8 3. The credit shall not exceed the proportion of the tax payable under
9 this chapter as the income subject to tax in the other state or country and
10 also taxable under this title bears to the taxpayer's entire income on which
11 the tax is imposed by this chapter.

12 B. If any taxes paid to another state or country for which a taxpayer
13 has been allowed a credit under this section are at any time credited or
14 refunded to the taxpayer:

15 1. The taxpayer shall immediately report that fact to the department.

16 2. A tax equal to the credit allowed for the taxes credited or
17 refunded by the other state or country is due and payable from the taxpayer
18 on notice and demand from the department.

19 3. Interest shall be added to and collected as a part of the tax at
20 the rate determined pursuant to section 42-1123 from the date the credit was
21 allowed under this chapter to the date of the notice and demand.

22 4. If the tax and interest are not paid within ten days from the date
23 of notice and demand, there shall be collected as a part of the tax interest
24 on the unpaid amount of tax and interest at the rate of twelve per cent a
25 year from the date of the notice and demand until the amount is paid.

26 C. The credit against the taxes imposed by this chapter for net income
27 taxes paid to another state or country shall not be allowed to any taxpayer
28 or any class of taxpayers if the allowances of the credit will result in any
29 invalid or illegal discrimination against another taxpayer or another class
30 of taxpayers.

31 D. For taxable years beginning on or after January 1, 2002 and subject
32 to the following conditions, a resident of this state, who is also considered
33 to be a resident of another state under the laws of the other state, is
34 allowed a credit against the taxes imposed by this title for net income taxes
35 imposed by and paid to that state on income taxable under this title as
36 follows:

37 1. The credit is allowed only if the other state taxes the income to
38 the resident of this state and does not allow the taxpayer a credit against
39 taxes imposed by that state on that income for taxes paid or payable on that
40 income under this title.

41 2. The credit is allowed only for the proportion of the taxes paid to
42 the other state as the income taxable under this title and also subject to
43 tax in the other state bears to the entire income on which the taxes paid to
44 the other state are imposed.

1 and paid to the state or country of residence on income taxable under this
2 title:

3 1. The credit shall be allowed only if the state or country of
4 residence either does not tax income of residents of this state derived from
5 sources within that state or country or allows residents of this state a
6 credit against taxes imposed by that state or country on the income for taxes
7 paid or payable under this title.

8 2. The credit shall not be allowed for taxes paid to a state or
9 country which allows its residents a credit against the taxes imposed by that
10 state or country for income taxes paid or payable under this title
11 irrespective of whether its residents are allowed a credit against the taxes
12 imposed by this title for income taxes paid to that state or country.

13 3. The credit shall be allowed only for the proportion of the taxes
14 paid to the state or country of residence as the income taxable under this
15 title and also subject to tax in the state or country of residence bears to
16 the entire income on which the taxes paid to the state or country of
17 residence are imposed.

18 4. The credit shall not exceed the proportion of the tax payable under
19 this title as the income taxable under this title and also subject to tax in
20 the state or country of residence bears to the entire income taxable under
21 this title.

22 B. For the purposes of this section, net income taxes imposed by
23 another country include taxes that qualify for a credit under sections 901
24 and 903 of the internal revenue code and the regulations under those
25 sections.

26 C. For the purposes of this section:

27 1. "Entire income on which the taxes paid to the state or country of
28 residence are imposed" means the other state's or country's adjusted gross
29 income computed under the equivalent of section 43-1001, but does not include
30 any exemption allowable under the equivalent of section 43-1023.

31 2. "Entire income taxable under this title" means Arizona adjusted
32 gross income computed under section 43-1094 but does not include any
33 exemption allowed under section 43-1023.

34 3. "Income taxable under this title and also subject to tax in the
35 state or country of residence" means the portion of income that is included
36 in entire income taxable under this title that is also included in the entire
37 income on which the taxes paid to the state or country of residence are
38 imposed. The taxpayer shall increase or reduce the portion of income that is
39 included in the entire income taxable under this title by any related
40 additions under section 43-1021 and by any related subtractions under section
41 43-1022. The taxpayer shall increase or reduce the portion of income that is
42 included in the entire income on which taxes paid to the state or country of
43 residence are imposed by any related additions and subtractions under the
44 other state's equivalent of sections 43-1021 and 43-1022, as applicable.

1 4. "Tax payable under this title" means the income tax imposed by this
2 state on the taxpayer's taxable income computed under section 43-1095 minus
3 ~~all of the following:~~

4 ~~(a) The reduction amount received under section 16-954, subsection A.~~

5 ~~(b) Any tax credit amount claimed under section 16-954, subsection B.~~

6 ~~(c)~~ any tax credit amount claimed for the taxable year under article 5
7 of this chapter but not including the credit amount allowed under this
8 section.

9 Sec. 22. Requirements for enactment; three-fourths vote

10 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
11 sections 16-901.01, 16-941, 16-945, 16-946, 16-947, 16-949, 16-950, 16-951,
12 16-952, 16-953, 16-954, 16-956, 16-958, 16-959 and 16-961, Arizona Revised
13 Statutes, as amended by this act, are effective only on the affirmative vote
14 of at least three-fourths of the members of each house of the legislature.