

APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

Secretary of State  
1700 W. Washington, 7th Floor  
Phoenix, AZ 85007

RECEIVED

SECRETARY OF STATE

The undersigned intends to circulate and file an **INITIATIVE** or a **REFERENDUM** (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the **MEASURE** or **CONSTITUTIONAL AMENDMENT** (circle appropriate word) intended to be **INITIATED** or **REFERRED** (circle appropriate word) at the next general election.

**SUMMARY:** A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

THIS LAW WILL ESTABLISH A VOTER REWARD RANDOM DRAWING EVERY TWO YEARS WITH A FIRST PRIZE OF ONE MILLION DOLLARS OR MORE. THE PURPOSE IS TO INCREASE VOTER PARTICIPATION. VOTERS WHO CAST BALLOTS IN PRIMARY OR GENERAL ELECTIONS WILL BE ELIGIBLE TO WIN THE MONEY WILL COME FROM THE ARIZONA LOTTERY AND PRIVATE DONATIONS.

*Mark Osterloh*

Signature of Applicant

MARK OSTERLOH

Printed Name of Applicant

P.O. BOX 35037

Address

TUCSON ARIZONA 85740

City

State

Zip

(520) 886-6326

Telephone Number

P.O. BOX 85740

Address

TUCSON ARIZONA 85740

City

State

Zip

(520) 886-6326

Telephone Number

MARK OSTERLOH

Name of Officer and Title

P.O. BOX 35037

Address

TUCSON ARIZONA 85740

City

State

Zip

(520) 886-6326

Telephone Number

ETHEL ROCCO

Name of Officer and Title

P.O. BOX 35037

Address

TUCSON ARIZONA 85740

City

State

Zip

(520) 544-9011

Telephone Number

|                                |                 |
|--------------------------------|-----------------|
| Date of Application            | 7 FEBRUARY 2006 |
| Signatures Required            | 122,612         |
| Deadline for Filing            | July 6, 2006    |
| Serial Number Issued           | I-01-2006       |
| FOR OFFICE USE ONLY 2004-02557 |                 |

Section 16-1203. ARIZONA VOTER REWARD COMMISSION

- A. There is established an "Arizona Voter Reward Commission" consisting of the members of the Arizona State Lottery Commission. If the Arizona State Lottery Commission is abolished or otherwise prevented from performing the duties required by this Act the Arizona Citizens Clean Elections Commission shall be the successor.
- B. The Governor may select another state agency to fulfill the provisions of this Chapter should the Lottery Commission and Citizens Clean Elections Commission be unable to act.
- C. The Chairman of the Arizona State Lottery Commission shall be the Chairman of the Arizona Voter Reward Commission.
- D. The executive director of the State Lottery shall be the Administrator of the Arizona Voter Reward Commission.
- E. The administrative expenses of the Commission shall be paid from the Fund. Such expenses shall not exceed seven per cent of the total annual receipts of the Fund.

Section 16-1204. ELIGIBILITY FOR REWARD

To qualify to receive a reward, a voter must be an eligible voter who consents to participate in an eligible election. The appearance of the voter's name upon a precinct roll used at an eligible election together with his/her signature thereon shall prima facie be proof of the voter's eligible status.

Section 16-1205. ARIZONA VOTER REWARD FUND

- A. The Arizona Voter Reward Fund is created and it shall be held and administered by the Commission and shall consist of the monies and other items of value received by the fund or Commission on behalf of the fund.
- B. The legislature may appropriate additional funds if revenues from other sources are inadequate.

Section 16-1206. MANNER OF SELECTION OF VOTER REWARD NUMBER

- A. The county officer, in coordination with the Commission, shall assign unique numbers to eligible voters who cast lawful ballots in each primary and general election and deliver the lists of numbers and corresponding names of voters to the Commission within 30 days after final canvass of the general election. The lists shall be accompanied by the transmitting officers' attestation that each such voter on the list is an eligible voter who cast a ballot at the immediately preceding primary or general election. If a voter casts a vote in both the primary and general elections, he or she will be assigned two unique numbers.
- B. The county officer shall prepare an additional list which identifies the voter assigned to each number, except that the secrecy of names of confidential voters under A.R.S. 16-153 shall be maintained. Should a number be selected as a winner which is assigned to a confidential voter, the Commission shall contact the county officer who shall privately contact the voter concerning the reward. Unless the winner declines the reward, the Commission shall require the public disclosure of the name of a winning voter but not the address.
- C. The Commission shall prescribe the format of the voter number assigned by each county officer so that the numbers are compatible with a lottery-type game and are not duplicative of any other numbers.
- D. The Commission shall determine the manner in which numbers will be selected for second rewards.

Section 16-1207. SELECTION OF WINNERS

- A. The Commission shall select the winner of the rewards by a lottery drawing. Drawings shall be public. The Commission may adopt such other procedures as are appropriate to publicize and promote the drawings.
- B. Prior to announcement of the name of a reward winner, the Commission shall verify the eligible status of the winner.
- C. A reward is not transferable except in the event of death of the winner prior to the drawing. In such event, the reward shall go to the heir or heirs of the deceased.
- D. Proof of a fraudulent voter registration shall disqualify any winner and the Commission shall seek to recover the prize awarded, if any.
- E. The date of the drawing shall be established by the Commission after receipt of voter reward numbers from all the lists from the county officers.

Section 16-1208. DETERMINATION OF REWARD AMOUNT

- A. Subject to the availability of funds, a First Reward of one million dollars (\$1,000,000.00) or more, adjusted for inflation, shall be awarded at each drawing.
- B. The Commission may establish as many second rewards as feasible. Second rewards may consist of money or anything of value received by the Commission for the purpose of the Act.
- C. Procedures for payments to winners from the Arizona Voter Reward Fund shall be established by rule or order of the Commission. Notwithstanding any other statute, monies in the Arizona Voter Reward Fund are not subject to appropriation by the legislature. Monies in the fund shall be exempt from the lapsing provisions of A.R.S. § 35-190.

Section 16-1209. CRIMINAL VIOLATIONS AND PENALTIES

- A. A person who knowingly violates any provision of this Article is guilty of a class 1 misdemeanor.
- B. Any person who knowingly receives a prize when ineligible to vote by reason of conviction of a felony that has not been expunged or voting rights have not been restored or by lack of United States citizenship is guilty of a Class 6 felony.

Section 16-1210. DUTIES OF THE COMMISSION

- A. The Commission shall:
  - 1. Develop, in coordination with the county officers, a procedure for including, with ballots mailed to electors casting early ballots pursuant to section 16-542, subsection c and with the sample ballots mailed to other electors pursuant to section 16-461, subsection d and section 16-510, subsection c, informational messages concerning the rewards under the Act. The county board of supervisors shall present to the Commission a certified claim for the actual cost of including the messages in such mailings in accordance with the procedure developed, and the Commission shall direct payment of the claims from the fund.
  - 2. Sponsor nonpartisan events in such manner as determined by the Commission for the purpose of promoting voter registration and turnout. The Commission may specify by rule the details of such events.
  - 3. Prescribe forms for reports, statements, notices, and other documents required by this article.
  - 4. Prepare and publish instructions concerning methods of bookkeeping and preservation of records to facilitate compliance with this article.
  - 5. Prescribe powers and duties for staff persons and committees created by the Commission in carrying out the purposes of the Act.

6. Produce a yearly report to the Governor describing the Commission's activities, any recommendations for changes of law, administration, or funding amounts, and accounting for monies in the fund.
7. The Commission may adopt rules to carry out the purposes and provisions of this article and to govern procedures of the Commission.
8. Prescribe procedures for the acceptance of donation of monies or items of value from the public.
9. Otherwise enforce the provisions of this Act.

Section 16-1211. CONSTRUCTION AND SEVERABILITY.

This Act shall be liberally construed so as to effectuate the intent and purposes stated herein. The provisions of this Act shall be severable and if any phrase, clause, sentence or provision of this compact is held or declared to be invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provisions or application, and to this end the provisions of the Act are severable. In any court challenge to the validity of this article, the Commission and Arizonans For Voter Rewards shall have standing to intervene.

SECTION 2.

In title 5, Chapter 5, Article 1, the following amendments shall be made:

§5-518. DISPOSITION OF UNCLAIMED PRIZE MONEY

Unclaimed prize money for the prize on a winning ticket or share shall be retained for the person entitled to the prize for one hundred eighty days after the drawing in which the prize was won in the case of a drawing prize and for one hundred eighty days after the announced end of the game in question in the case of a prize determined in any manner other than by means of a drawing. If a claim is not made for the money within the applicable period, TWENTY PER CENT OF THE PRIZE MONEY SHALL BE TRANSFERRED MONTHLY TO THE ARIZONA VOTER REWARD FUND, FIFTY SEVENTY PER CENT OF THE PRIZE MONEY SHALL BE HELD IN THE STATE LOTTERY PRIZE FUND FOR USE AS ADDITIONAL PRIZES IN FUTURE GAMES AND THIRTY PER CENT SHALL BE TRANSFERRED MONTHLY TO THE COURT APPOINTED SPECIAL ADVOCATE FUND ESTABLISHED BY SECTION 8-524. NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, THE ARIZONA STATE LOTTERY COMMISSION SHALL, AS A HIGHEST ORDER, PAY TO THE ARIZONA VOTER REWARD FUND, FROM THE UNCLAIMED PRIZE MONEY, THE SUM OF FIVE HUNDRED THOUSAND DOLLARS, AND ANOTHER FIVE HUNDRED THOUSAND DOLLARS ONE YEAR LATER.

SECTION 3.

In title 5, Chapter 5, Article 1, the following amendments shall be made:

§5-522. USE OF MONIES IN STATE LOTTERY FUND

- A. The monies in the state lottery fund shall be expended only for the following purposes and in the order provided:
  1. For the expenses of the commission incurred in carrying out its powers and duties and in the operation of the lottery AND THE ARIZONA VOTER REWARD ACT.
  2. For payment to the commerce and economic development commission fund established by section 41-1505.10 of not less than twenty-one and one-half per cent of the revenues received from the sale of two special lottery games conducted for the benefit of economic development.
  3. Except as provided in subsection F of this section, for payment to the local transportation assistance fund established by section 28-8101 of not less than twenty-nine per cent of the revenues received from the sale of multistate lottery games, up to a maximum of eighteen million dollars each fiscal year.
  4. For payment to the state general fund of not less than twenty-one and one-half per cent of the revenues received from the sale of any instant bingo games conducted by the state lottery and not less than twenty-nine per cent of the revenues received from the sale of any on-line three-number games conducted by the state lottery, up to a maximum of ten million dollars each fiscal year, except that if on or before June 1 of each fiscal year the state lottery director determines that monies available to the Arizona state parks board heritage fund under subsection D of this section may not equal ten million dollars in that fiscal year or that the monies available to the Arizona game and fish commission heritage fund under subsection D of this section may not equal ten million dollars in that fiscal year, or both, the director shall authorize deposits to the Arizona state parks board heritage fund in an amount so that the total monies in that fund in that fiscal year equal ten million

dollars or to the Arizona game and fish commission heritage fund in an amount so that the total monies in that fund in that fiscal year equal ten million dollars, or both. The state lottery director shall not make any deposits pursuant to this paragraph until after the director's determination each fiscal year.

5. Of the monies remaining in the state lottery fund from the sale of instant bingo games and on-line three-number games each fiscal year, thirty per cent shall be allocated to the funds and programs described in subsection E of this section and seventy per cent shall be deposited in the local transportation assistance fund established by section 28-8101. The director shall not allocate more than the amount specified in subsection E of this section for each fiscal year to the funds and programs described in subsection E of this section from the state lottery fund pursuant to this paragraph and subsection E of this section. A maximum of eighteen million dollars may be deposited in the local transportation assistance fund each fiscal year from the state lottery fund pursuant to this paragraph and paragraph 3 of this subsection.

B. Of the monies remaining in the state lottery fund after the appropriations authorized in subsection A of this section seventy-five per cent up to a maximum of twenty-three million dollars each fiscal year shall be deposited in the local transportation assistance fund established pursuant to section 28-8101 and twenty-five per cent up to a maximum of seven million six hundred fifty thousand dollars each fiscal year shall be deposited in the county assistance fund established pursuant to section 41-175. Monies distributed pursuant to this subsection shall be in addition to monies distributed pursuant to subsection A, paragraphs 3 and 5 of this section.

C. Notwithstanding subsection B of this section, if the state lottery director determines at the beginning of any fiscal year that monies available to cities, towns and counties under this section may not equal thirty million six hundred fifty thousand dollars, the director shall not authorize deposits to the county assistance fund until the deposits to the local transportation assistance fund equal twenty-three million dollars.

D. Of the monies remaining in the state lottery fund each fiscal year after appropriations and deposits authorized in subsections A, B and C of this section, ten million dollars shall be deposited in the Arizona state parks board heritage fund established pursuant to section 41-502 and ten million dollars shall be deposited in the Arizona game and fish commission heritage fund established pursuant to section 17-297.

E. Of the monies remaining in the state lottery fund each fiscal year after appropriations and deposits authorized in subsections A, B, C and D of this section, and appropriations and deposits to the local transportation assistance fund authorized by this section, five million dollars shall be allocated to the department of economic security for the healthy families program established by section 8-701, four million dollars shall be allocated to the Arizona board of regents for the Arizona area health education system established by section 15-1643, three million dollars shall be allocated to the department of health services to fund the teenage pregnancy prevention programs established in Laws 1995, chapter 190, sections 2 and 3, two million dollars shall be allocated to the department of health services for the health start program established by section 36-697, two million dollars shall be deposited in the disease control research fund established by section 36-274 and one million dollars shall be allocated to the department of health services for the federal women, infants and children food program. The allocations in this subsection shall be adjusted annually according to changes in the GDP price deflator as defined in section 41-563 and the allocations are exempt from the provisions of section 35-190, relating to lapsing of appropriations. If there are not sufficient monies available pursuant to this subsection, the allocation of monies for each program shall be reduced on a pro rata basis.

F. Notwithstanding subsection A, paragraph 3 of this section, if the state lottery director determines that monies available to the state general fund from the sale of multistate lottery games may not equal thirty-one million dollars in a fiscal year, the director shall not authorize deposits to the local transportation assistance fund pursuant to subsection A, paragraph 3 of this section until the deposits to the state general fund from the sale of multistate lottery games equal thirty-one million dollars in a fiscal year.

G. All monies remaining in the state lottery fund after the appropriations and deposits authorized in this section shall be deposited in the state general fund.

H. Except for monies expended for prizes as provided in section 5-504, subsection H and section 41-1505.10, monies expended under subsection A of this section shall be subject to legislative appropriation.

#### SECTION 4. RETROACTIVITY

This Act shall be retroactively applied to voters who voted at the primary and general elections in the year 2006. The winners shall be selected from the county lists of voters who voted at the elections. For the year 2006 elections only, the Commission shall publicize to the public that voters who elect to not participate in the voter reward drawing must contact the Commission, at least ten days prior to the drawing, requesting that their names be removed.



**JAN BREWER**  
SECRETARY OF STATE  
STATE OF ARIZONA

RECEIPT

The Arizona Secretary of State has completed her duties in accordance with Arizona Revised Statutes § 19.121.01(A). **Arizonans For Voter Rewards**, has filed a total of 14,201 petition signature sheets containing 183,946 signatures to initiative petition serial number I-01-2006, which are eligible for verification. This receipt does not constitute an acknowledgement or determination by the Secretary of State that any of those signature sheets are in compliance with legal requirements for placing a measure on the November 7, 2006 General Election ballot. That determination can only be made after the Secretary of State and the County Recorders have performed their duties with respect to initiative petitions as required by law.

Dated this 12<sup>th</sup> Day of June, 2006.

  
JANICE K. BREWER  
Secretary of State

State Capitol: 1700 W. Washington Street, 7th Floor  
Phoenix, Arizona 85007-2888  
Telephone (602) 542-4285 Fax (602) 542-1575

**Sheets Removed from I-01-2004**  
**By the Secretary of State's Office during processing of petitions**

| <b>Reasons for Removal</b>  | <b>Sheets</b> | <b>Signatures</b> |
|---|---------------|-------------------|
| Notary incomplete or missing or notary expired                          | 32            | 382               |
| Incomplete date   | 1             | 15                |
| Paid or Volunteer circulator not marked                                 | 3             | 29                |
| Signatures obtained after notarization                                  | 8             | 80                |
| Attached text incomplete or missing                                     | 1             | 15                |
| All signatures on sheet would have been removed for missing information | 7             | 7                 |
| TOTAL   | 52            | 499               |



**JAN BREWER**  
SECRETARY OF STATE  
STATE OF ARIZONA

July 6, 2006

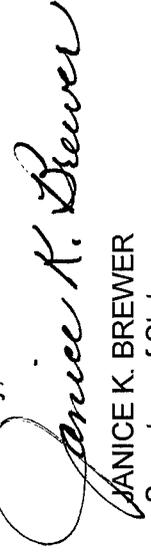
The Honorable Janet Napolitano  
Office of the Governor  
1700 West Washington Street,  
Phoenix, Arizona 85007

Dear Governor Napolitano:

You are hereby notified, pursuant to Arizona Revised Statutes § 19-121.04(B), that the initiative measure I-01-2006, Arizonans for Voter Rewards, has met the signature requirements for placement on the November 7, 2006 General Election Ballot. The Proposition number will be assigned as provided in Arizona Revised Statutes, Title 19, section 19-125, and you will be immediately informed when that determination occurs.

Enclosed is the final tabulation of the random sampling and a copy of the official receipt.

Sincerely,

  
JANICE K. BREWER  
Secretary of State

Enclosures

State Capitol: 1700 West Washington Street, 7th Floor  
Phoenix, Arizona 85007-2888  
Telephone (602) 542-4285 Fax (602) 542-1575



**JAN BREWER**  
SECRETARY OF STATE  
STATE OF ARIZONA

RANDOM SAMPLE OFFICIAL RECEIPT

A.R.S. § 19-121.04.

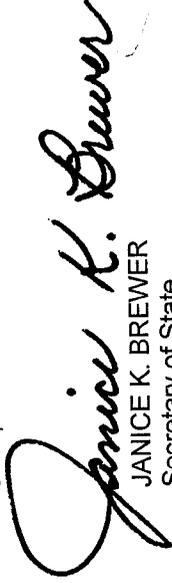
TO: Mark Osterloh, Chairman  
Arizonans for Voter Rewards  
P.O. Box 35037  
Tucson, AZ 85740

Having completed the requirements of A.R.S. § 19-121.04, I, Janice K. Brewer, Secretary of State, hereby certify that:

52 signature pages bearing 499 signatures for initiative petition serial number I-01-2006 have been refused for filing in this office because the person circulating the petition was a county recorder or justice of the peace at the time of circulating the petition or due to defects in the circulator's affidavit. A total of 214 signatures included on the remaining petition sheets were found to be ineligible. Of the total random sample of 9,198 signatures, a total of 1,725 signatures were invalidated by the county recorders resulting in a failure rate of 18.75 per cent. The actual number of remaining signatures for such initiative petition number I-01-2006 are equal to or in excess of the minimum required by the constitution to place a measure on the general election ballot. The number of valid signatures filed with this petition, based on the random sample, appears to be at least one hundred five per cent of the minimum required or through examination of each signature has been certified to be greater than the minimum required by the constitution.



IN WITNESS WHEREOF, I have  
hereunto set my hand and affixed the  
Great Seal of the State of Arizona. Done  
at the Capitol in Phoenix, this 29th day of  
June, 2006.

  
JANICE K. BREWER  
Secretary of State

State Capitol: 1700 West Washington Street, 7th Floor  
Phoenix, Arizona 85007-2888  
Telephone (602) 542-4285 Fax (602) 542-1575

## INITIATIVE AND REFERENDUM PETITIONS

|   |                |     |                |      |                |
|---|----------------|-----|----------------|------|----------------|
| Minimum Signature Requirement   | <u>122,612</u> | 95% | <u>116,482</u> | 105% | <u>128,743</u> |
| Number of Signatures Submitted to Secretary of State  |                |     |                |      | <u>183,946</u> |
| Number of Petition Sheets Removed by the Secretary of State<br>According to A.R.S. §§ 19-121.01(A)(1) & 19-102(C) |                |     |                |      | <u>52</u>      |
| Number of Signatures on those sheets  |                |     |                |      | <u>499</u>     |
| Number of Signatures Removed by the Secretary of State<br>According to A.R.S. §19-121.01(A)(2)(3)                 |                |     |                |      | <u>214</u>     |
| Total Signatures Removed by the Secretary of State  |                |     |                |      | <u>713</u>     |
| Number of Petition Sheets that Contain Signatures Eligible for Verification                                       |                |     |                |      | <u>14,201</u>  |
| Number of Signatures Eligible for Verification:<br>5% of that Number  |                |     | <u>183,946</u> |      | <u>9,198</u>   |

Determination of Valid Signatures  
CALCULATION - A.R.S. § 19-121.04(A)  
Random Sample Validity Rate

|  |            |                         |               |
|--|------------|-------------------------|---------------|
| Total Invalid Random Signatures  | divided by | Total Random Signatures |               |
| <u>1,725</u>   | divided by | <u>9,198</u> =          | <u>18.75%</u> |
| Number of signatures eligible for Verification   |            |                         |               |
| <u>183,946</u>   |            |                         |               |
| Subtract Signatures found ineligible<br>by County Recorder, but not included in random |            |                         |               |
| <u>0</u>   |            |                         |               |
| <b>Subtotal</b>  |            |                         |               |
| <u>183,946</u>   |            |                         |               |
| Multiply Random sample Invalidation Rate by<br>Subtotal to Determine like number       |            |                         |               |
| <u>34,498</u>  |            |                         |               |
| Subtotal <u>183,946</u> times <u>0.1875</u> =  |            |                         |               |
| <u>34,498</u>  |            |                         |               |
| Subtract the resulting number from <b>Subtotal</b>                                     |            |                         |               |
| <u>149,448</u>   |            |                         |               |
| <b>TOTAL VALID SIGNATURES</b>  |            |                         |               |
| <u>149,448</u>   |            |                         |               |
| TOTAL PERCENTAGE OF VALID SIGNATURES   |            |                         |               |
| Total valid signatures divided by Minimum Signature Requirement                        |            |                         |               |
| <u>121.8869%</u>   |            |                         |               |

SECRETARY OF STATE'S OFFICE  
DETERMINATION OF VALID SIGNATURES