

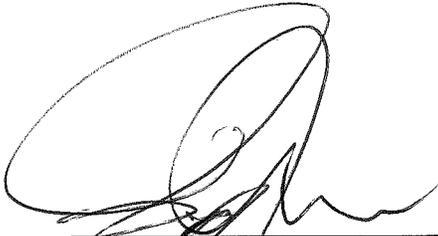
APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

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

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.

Open and Honest Disclosure Amendment: "Dark money" in the form of undisclosed and anonymous political contributions is influencing candidate elections and corrupting the Arizona election system. To protect our democracy, Arizona voters, through this initiative, will secure for themselves a right to know who is spending money to influence our candidate elections and how much they are spending. This initiative creates an open and honest system to ensure the full and timely disclosure of "original sources" and "intermediaries" of all major contributions within 24 hours of all expenditures exceeding \$10,000 intended to influence candidate elections.



Signature of Applicant
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Open and Honest Disclosure Committee
Name of Organization (if any)
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Telephone Number
Paul Johnson, Chairman
Name of Officer and Title
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John Charles Coughlin, Treasurer
Name of Officer and Title
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2016 JAN 21 PM 12:36
SECRETARY OF STATE

Date of Application 1/21/2016
Signatures Required 225,963
Deadline for Filing 7/7/2016
Serial Number Issued C-06-2016
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2016 JAN 21 PM 12:36

OFFICIAL TITLE
AN INITIATIVE MEASURE

AMENDING ARTICLES II AND VII OF THE CONSTITUTION OF ARIZONA TO REQUIRE
DISCLOSURE OF THE ORIGINAL SOURCE OF CONTRIBUTIONS TO INFLUENCE ARIZONA
CANDIDATE ELECTIONS

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

Section 1. Title.

This Constitutional Amendment shall be known as the "Open and Honest Disclosure Amendment."

Section 2. Purpose and intent.

A. This Constitutional Amendment is intended to secure the right of the People of Arizona to know the source of all major contributions made to influence the result of an Arizona candidate election, to prevent corruption and protect the integrity of Arizona elections.

B. This Constitutional Amendment requires public disclosure of the original source of all major contributions used to fund an expenditure made to influence the result of an Arizona candidate election, regardless of whether that contribution passed through any intermediaries. Reporting must be made within 24 hours.

C. In order to assure transparency in the political process, the disclosure requirement will be enforced by measures which include random, public audits, citizen enforcement, and civil and criminal penalties for violations.

Section 3. Article II, Constitution of Arizona, is amended by adding Section 38, as follows:

SECTION 38. RIGHT TO OPEN AND HONEST DISCLOSURE. THE PEOPLE OF ARIZONA HAVE THE RIGHT TO KNOW THE IDENTITY OF THE ORIGINAL SOURCE OF ALL MAJOR CONTRIBUTIONS USED TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION.

Section 4. Article VII, Constitution of Arizona, is amended by adding Section 16.1, as follows:

A. EXPENDITURES TO INFLUENCE AN ELECTION: REQUIRED DISCLOSURE.

(1) ANY PERSON, ASSOCIATION OF PERSONS (HEREINAFTER "ASSOCIATION"), OR ENTITY REGARDLESS OF LEGAL FORM THAT MAKES EXPENDITURES TOTTALLING MORE THAN \$10,000 TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION WITHIN THE TWO YEARS PRIOR TO THAT ELECTION SHALL DISCLOSE THE ORIGINAL SOURCE OR SOURCES OF ALL MAJOR CONTRIBUTIONS RECEIVED DURING THAT PERIOD ATTRIBUTED TO THAT EXPENDITURE, AND ANY INTERMEDIARY THROUGH WHICH ANY CONTRIBUTIONS PASSED THAT ARE ATTRIBUTED TO THAT EXPENDITURE.

(2) A "MAJOR CONTRIBUTION" IS A TRANSFER OF FUNDS OR GOODS OR SERVICES WITH A MONETARY VALUE OF MORE THAN \$10,000 IN THE AGGREGATE FROM A SINGLE SOURCE. THE \$10,000 REPORTING THRESHOLD MAY BE LOWERED, BUT NOT RAISED, BY THE LEGISLATURE, BY A COUNTY BOARD OF SUPERVISORS, OR BY A CITY OR TOWN COUNCIL FOR THE ELECTIONS OVER WHICH THE BODY OTHERWISE HAS JURISDICITON.

(3) IF THE ORIGINAL SOURCE(S) IS NOT SPECIFICALLY IDENTIFIED AND DISCLOSED, OR IF ANY INTERMEDIARY IS NOT IDENTIFIED AS REQUIRED IN THIS SECTION, OR IF THE PERSON, ASSOCIATION OR ENTITY PROVIDING THE FUNDS REFUSES TO IDENTIFY AND DISCLOSE THE ORIGINAL SOURCE(S), THEN THE CONTRIBUTION, OR ANY PART THEREOF THAT IS NOT DISCLOSED, SHALL NOT BE USED FOR AN EXPENDITURE TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION.

(4) AN EXPENDITURE TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION MEANS SPENDING FUNDS, OR GOODS OR SERVICES WITH MONETARY VALUE FOR A COMMUNICATION OR PAID EFFORT THAT (A) HAS NO REASONABLE INTERPRETATION OTHER THAN TO ADVOCATE FOR THE ELECTION OR DEFEAT OF A CANDIDATE OR (B) CLEARLY IDENTIFIES A CANDIDATE AND IS MADE IN THE PERIOD BEGINNING 90 DAYS BEFORE THE PRIMARY ELECTION AND ENDING ON THE DAY OF THE GENERAL ELECTION.

(5) AN ARIZONA CANDIDATE ELECTION IS AN ELECTION FOR STATE, COUNTY OR MUNICIPAL OFFICE, INCLUDING A JUDICIAL RETENTION ELECTION; TO SELECT ARIZONA'S REPRESENTATIVES TO THE UNITED STATES CONGRESS; OR FOR THE RECALL OF A STATE, COUNTY OR MUNICIPAL ELECTED OFFICIAL.

2016 JAN 21 PM 12:36

B. ORIGINAL AND INTERMEDIARY CONTRIBUTION SOURCE: REQUIRED DISCLOSURE.

(1) THE DISCLOSURE REQUIRED BY THIS SECTION SHALL FULLY IDENTIFY THE ORIGINAL SOURCE(S) OF ANY MAJOR CONTRIBUTION RECEIVED BY THE PERSON, ASSOCIATION, OR ENTITY ATTRIBUTED TO AN EXPENDITURE SUBJECT TO THIS SECTION, AS WELL AS ANY INTERMEDIARY THROUGH WHICH THE FUNDS PASSED ON THEIR WAY TO THE PERSON, ASSOCIATION, OR ENTITY MAKING THE EXPENDITURE.

A) AN "ORIGINAL SOURCE" IS A PERSON, ASSOCIATION OR ENTITY WHO MAKES A MAJOR CONTRIBUTION DURING THE TWO YEARS PRIOR TO THE ELECTION FROM ITS OWN SOURCES OTHER THAN CONTRIBUTIONS, DONATIONS, OR GIFTS, SUCH AS WAGES, INVESTMENT INCOME, INHERITANCES, OR REVENUE FROM THE SALE OF GOODS OR SERVICES.

(B) AN "INTERMEDIARY" IS A PERSON, ASSOCIATION, OR ENTITY THAT IS NOT AN ORIGINAL SOURCE AND WHO RECEIVES AND TRANSFERS FUNDS FROM ONE OR MORE ORIGINAL SOURCES, FROM SOURCES OF CONTRIBUTIONS OF \$10,000 OR LESS, OR FROM OTHER INTERMEDIARIES THAT ARE ATTRIBUTED TO AN EXPENDITURE SUBJECT TO THIS SECTION. FOR THE PURPOSES OF THIS DEFINITION, TRANSFERS INCLUDE BUNDLING SMALLER AMOUNTS FROM OTHER DONORS FOR DELIVERY TO THE PERSON, ASSOCIATION, OR ENTITY MAKING THE EXPENDITURE AND TRANSFERRING FUNDS DONATED TO THE INTERMEDIARY FOR ITS USE.

(2) THE DISCLOSURE REQUIRED BY THIS SECTION SHALL ALSO PROVIDE THE FOLLOWING INFORMATION ABOUT ANY INTERMEDIARY THROUGH WHICH MORE THAN \$10,000 OF FUNDS PASSED ON THE WAY TO THE PERSON, ASSOCIATION, OR ENTITY THAT MADE THE EXPENDITURE:

(A) THE IDENTITY OF ANY PERSON, ASSOCIATION, OR ENTITY PROVIDING MORE THAN \$10,000 OF THE FUNDS TRANSFERRED BY THE INTERMEDIARY;

(B) TO THE EXTENT THE FUNDS TRANSFERRED BY THE INTERMEDIARY WERE RECEIVED FROM PERSONS, ASSOCIATIONS, OR ENTITIES PROVIDING \$10,000 OR LESS, THE DATES AND AMOUNTS OF THOSE RECEIPTS AND TRANSFERS, AND THE IDENTITY OF THE INTERMEDIARY.

(3) CONTRIBUTIONS ARE ATTRIBUTED TO AN EXPENDITURE OR TRANSFER WHEN THEY WERE EARMARKED FOR AND WERE USED FOR THAT EXPENDITURE OR TRANSFER, OR WHEN THE CONTRIBUTION MAY BE TRACED TO THE EXPENDITURE OR TRANSFER BY ACCEPTED ACCOUNTING PRACTICES.

(4) A SOURCE NEED NOT DISCLOSE THE NAMES OF DONORS WHO HAVE SPECIFICALLY RESTRICTED THEIR DONATION TO NON-ELECTION-RELATED USES, PROVIDED THE FUNDS WERE NOT ACTUALLY USED TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION.

C. REPORTING AND ENFORCEMENT.

(1) THE DISCLOSURES REQUIRED BY THIS SECTION SHALL BE MADE IN ELECTRONIC, MACHINE READABLE FORMAT TO THE FILING OFFICER WHO ACCEPTS REPORTS OF ELECTION CONTRIBUTIONS AND EXPENDITURES FOR THE ELECTION WHICH THE PERSON, ASSOCIATION OR ENTITY SUBJECT TO THIS SECTION SEEKS TO INFLUENCE.

(2) THE DISCLOSURE SHALL BE MADE WITHIN 24 HOURS OF THE EXPENDITURE. A PERSON, ASSOCIATION, OR ENTITY THAT MAKES ONE DISCLOSURE SHALL MAKE SUPPLEMENTAL DISCLOSURES WITHIN 24 HOURS OF EACH SUBSEQUENT EXPENDITURE TOTALING MORE THAN \$10,000.

(3) DISCLOSURES SHALL BE MADE UNDER OATH AND SUBJECT TO THE PENALTY OF PERJURY BY THE PERSON OR THE REPRESENTATIVE OF THE ASSOCIATION OR ENTITY WHO HAS KNOWLEDGE OF AND AUTHORITY OVER THE OPERATIONS OF THE ASSOCIATION OR ENTITY MAKING THE EXPENDITURE SUBJECT TO THIS SECTION.

(4) THE FILING OFFICER SHALL POST THE DISCLOSURES PUBLICLY IN ELECTRONIC, SEARCHABLE, MACHINE READABLE AND DOWNLOADABLE FORMAT WITHIN 24 HOURS OF RECEIPT.

(5) FAILURE TO DISCLOSE AS REQUIRED BY THIS SECTION SHALL BE SUBJECT TO A CIVIL PENALTY OF NOT LESS THAN THE AMOUNT OF THE UNDISCLOSED OR IMPROPERLY DISCLOSED CONTRIBUTION(S) AND NOT MORE THAN THREE TIMES THAT AMOUNT. CIVIL PENALTIES FOR LATE DISCLOSURE OF CONTRIBUTIONS THAT IS MADE WITHIN 5 DAYS OF THE DATE DUE SHALL BE AS PRESCRIBED BY LAW. IF THE PERSON, ASSOCIATION OR

ENTITY MAKING THE EXPENDITURE SUBJECT TO THIS SECTION CANNOT PAY THE PENALTY, THE PERSON OR THE REPRESENTATIVE OF THE ASSOCIATION OR ENTITY RESPONSIBLE FOR MAKING THE DISCLOSURE SHALL BE LIABLE FOR THE CIVIL PENALTY.

(6) THE FILING OFFICERS HAVE PRIMARY RESPONSIBILITY FOR ENFORCING THIS SECTION WITHIN THEIR RESPECTIVE JURISDICTIONS. THE FILING OFFICER MAY REFER SUCH ENFORCEMENT ACTIONS DIRECTLY TO ANY PUBLIC PROSECUTOR FOR ENFORCEMENT. IN ADDITION, ANY CITIZEN MAY FILE A VERIFIED COMPLAINT ALLEGING A VIOLATION OF THIS SECTION WITH THE RELEVANT FILING OFFICER. IF THE FILING OFFICER, OR OTHER AGENCY WITH JURISDICTION, DOES NOT FILE AN ENFORCEMENT ACTION IN COURT WITHIN 10 DAYS OF RECEIVING THE COMPLAINT, THE CITIZEN MAY INSTITUTE A CIVIL SUIT TO ENFORCE THIS SECTION IN THE OFFICER'S STEAD, PROVIDED THE COMPLAINT DEMONSTRATES A VIOLATION OF THIS SECTION OF MORE THAN \$50,000.

(7) ALL CIVIL PENALTIES COLLECTED BY THE FILING OFFICER, AGENCY OR BY A CITIZEN ACTION PURSUANT TO THIS SECTION SHALL BE PAID INTO A FUND, KNOWN AS THE TRANSPARENCY FUND. THE TRANSPARENCY FUND SHALL BE MAINTAINED BY THE FILING OFFICER FOR STATEWIDE OFFICES AND SHALL BE USED FOR EXPENSES INCURRED BY FILING OFFICERS, AGENCIES AND THE ATTORNEY GENERAL IN FULFILLING THEIR DUTIES UNDER THIS SECTION.

(8) THE COURT SHALL AWARD REASONABLE ATTORNEY FEES AND COSTS TO A FILING OFFICER, PUBLIC PROSECUTOR AND CITIZEN WHO INITIATES AND IS A SUCCESSFUL PARTY IN AN ENFORCEMENT ACTION UNDER THIS SECTION.

(9) THE ATTORNEY GENERAL SHALL CONDUCT RANDOM AUDITS OF ALL THE REPORTS SUBMITTED PURSUANT TO THIS SECTION. AUDITS SHALL BE CONDUCTED WITHIN 90 DAYS AFTER EACH ELECTION AND THE RESULTS SHALL BE RELEASED PUBLICLY. AUDIT SUBJECTS SHALL BE RANDOMLY SELECTED IN A PUBLIC DRAWING AND SHALL CONSTITUTE A MINIMUM OF 10% OF THE REPORTS MADE PURSUANT TO THIS SECTION. AUDIT EXPENSES SHALL BE PAID FROM THE TRANSPARENCY FUND.

D. DISCLAIMER STATEMENT.

IF ANY EXPENDITURE SUBJECT TO THIS SECTION IS USED TO MAKE A COMMUNICATION TO INFLUENCE THE RESULT OF AN ARIZONA CANDIDATE ELECTION, THAT COMMUNICATION SHALL LIST THE NAMES OF THE FOUR LARGEST ORIGINAL SOURCES WHO HAVE GIVEN MORE THAN \$10,000 ATTRIBUTED TO THAT COMMUNICATION. IF THERE ARE NOT FOUR ORIGINAL SOURCES WHO HAVE GIVEN MORE THAN \$10,000, THEN THE LIST SHALL INCLUDE UP TO FOUR INTERMEDIARIES WHO HAVE GIVEN MORE THAN \$10,000 IN FUNDS RECEIVED FROM SOURCES GIVING LESS THAN \$10,000 EACH. THE FORM OF THE DISCLAIMER SHALL BE AS PROVIDED BY LAW.

E. EXECUTION.

THIS SECTION OF THE CONSTITUTION SHALL BE, IN ALL RESPECTS, SELF-EXECUTING.

Section 5. Severability.

The people of Arizona declare their intention that the provisions of this Constitutional Amendment are severable. If any provision of this Constitutional Amendment is held invalid for any reason, the remaining provisions of this Amendment will be severed from the void portion and given the fullest possible force and application.

Section 6. Submission to voters.

The Secretary of State shall submit this proposition to the voters at the next general election as provided by Article XXI, Section I, Constitution of Arizona.

Section 7. Effective date, Appropriations and implementation by the Legislature.

A. If approved by the voters, this Constitutional Amendment shall apply to all elections, as provided herein, occurring after January 1, 2018. The Legislature, Secretary of State, and state and local election officials shall promptly make such changes in and additions to state statutes, regulations, and elections procedures as are necessary to fully implement the provisions of this Constitutional Amendment in time for the elections occurring in 2018 and every election thereafter. The Secretary of State and local elections officials shall publicize the requirements of these provisions, including the prohibition on using funds whose original source cannot be identified or disclosed to fund an expenditure to influence an Arizona candidate election.

2016 JAN 21 PM 12:36

SECRETARY OF STATE

B. The Treasurer shall transfer an initial sum of \$500,000 not later than January 31, 2017 to the State Transparency Fund. The Legislature shall appropriate an additional sum of \$500,000 not later than June 30, 2017, and in subsequent years as requested by the Secretary of State and to the extent required to execute the requirements of this section, to the State Transparency Fund for use by the statewide filing officer and the Attorney General in performing the duties under this Constitutional Amendment with respect to statewide elections and to assist other filing officers in performing their duties under this Constitutional Amendment beginning in the 2018 election cycle. Any amount over \$500,000 in the Transparency Fund as of the end of a fiscal year shall be transferred to the State General Fund.

C. Nothing in this Constitutional Amendment shall preempt other statutes, ordinances and rules regulating the requirements of political committees.

D. Nothing in this Constitutional Amendment shall have the effect of preventing the Legislature, a County Board of Supervisors, or a City or Town Council from enacting additional or supplementary disclosure requirements for contributions to influence a candidate election consistent with this Section.

Section 8. Legal Defense.

The People of the State of Arizona desire that this Constitutional Amendment, if approved by the voters, and thereafter challenged in court, be defended by the State of Arizona. By enacting this Constitutional Amendment, the People declare that the proponents of this Amendment as named members of the committee in support of this Amendment have a direct and personal stake in defending this Amendment from constitutional or statutory challenges to its validity. In the event the Attorney General fails to defend this Amendment or fails to appeal an adverse judgment against the constitutionality of this Amendment, in whole or in part, in any court, the Amendment's proponents (or any of them individually) shall be entitled to assert their direct and personal stake by defending the Amendment's validity in any court and shall be empowered by the People to act as their agent.

2016 JAN 21 PM 12:37

SECRETARY OF STATE