APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER

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

SECRETARY OF STATE
2016 MAY 12 PM 12:02

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 initiative measure would require that proceeds from surcharges imposed on civil and criminal fines and penalties and from certain other sources be deposited in the Classroom Site Fund, rather than in the Citizens Clean Elections Commission Fund. The measure also would require the Citizens Clean Elections Commission to adhere to the procedures and limitations of the Arizona Administrative Procedure Act when engaging in rulemaking.

Signature of Applicant

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Our Money for Our Kids, Not Politicians —
Committee in Support of Initiative Measure I-28-2016
Name of Organization (if any)

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Date of Application	5/12/2016
Signatures Required	150,642
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OFFICIAL TITLE

CLEAN ELECTIONS REFORM ACT

AN INITIATIVE MEASURE

AMENDING SECTION 16-949, SECTION 16-954 AND SECTION 16-956, ARIZONA REVISED STATUTES, BY REQUIRING THAT PROCEEDS FROM SURCHARGES IMPOSED ON CIVIL AND CRIMINAL FINES AND PENALTIES AND FROM CERTAIN OTHER SOURCES BE DEPOSITED IN THE CLASSROOM SITE FUND, RATHER THAN IN THE CITIZENS CLEAN ELECTIONS FUND; PROVIDING THAT THE CITIZENS CLEAN ELECTIONS COMMISSION IS GOVERNED BY THE PROCEDURAL REQUIREMENTS AND LIMITATIONS OF THE ARIZONA ADMINISTRATIVE PROCEDURE ACT WHEN ENGAGING IN RULEMAKING.

TEXT OF PROPOSED AMENDMENT

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

Section 1 Title

This act shall be known and may be cited as the Clean Elections Reform Act.

Section 2 Findings and Intent

(a) Current law imposes a 10% surcharge on all civil and criminal fines and penalties in Arizona. The money is deposited in the Citizens Clean Elections Fund, where it is used primarily to finance politicians' campaigns.

(b) It is unfair and wasteful to funnel subsidies to politicians when these valuable funds could be put to better and more equitable use in public school classrooms.

(c) To that end, this initiative measure would require that all proceeds collected from the surcharge instead be deposited into the Classroom Site Fund.

(d) Despite having significant regulatory powers over Arizona's campaign finance system – which directly implicates core First Amendment rights of all Arizonans – the Citizens Clean Elections Commission currently is one of the only state agencies that is exempt from key provisions of the Arizona Administrative Procedure Act. This exemption allows the Citizens Clean Elections Commission to issue binding and often burdensome regulations without following important procedural safeguards, such as providing the public with notice of, and an adequate opportunity to participate in, the rulemaking process.

(e) This initiative measure would require the Citizens Clean Elections Commission to comply with the same process and procedures that govern the rulemaking of most other administrative agencies in Arizona.

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Section 3 Section 16-949 of the Arizona Revised Statutes is amended to read:

16-949. Controls on spending from citizens clean elections fund; TRANSFERS TO THE CLASSROOM SITE FUND

A. The commission shall not spend, on all costs incurred under this article during a particular calendar year, more than five dollars times the number of Arizona resident personal income tax returns filed during the previous calendar year. The commission may exceed this limit during a calendar year, provided that it is offset by an equal reduction of the limit during another calendar year during the same four-year period beginning January 1 immediately after a gubernatorial election.

B. The commission may use up to ten per cent of the amount specified in subsection A of this section for reasonable and necessary expenses of administration and enforcement, including the activities specified in section 16-956, subsection A, paragraphs 3 through 7 and subsections B and C. Any portion of the ten per cent not used for this purpose shall remain in the fund.

C. The commission may apply up to ten per cent of the amount specified in subsection A of this section for reasonable and necessary expenses associated with public education regarding participation as a candidate or a contributor, or regarding the functions, purpose and technical aspects of the act. Reasonable and necessary expenditures made pursuant to section 16-956 are not included in this subsection.

D. The commission may spend monies in the fund for the reasonable and necessary expenses to implement the act but shall not use monies in the fund to promote the benefits of the clean elections act. Expenditures made pursuant to subsection C of this section or in section 16-956, subsection A are deemed not to constitute promoting the benefits of the clean elections act. Expenditures pursuant to this subsection shall not be included in the limits prescribed in subsection C of this section.

E. The state treasurer shall administer a citizens clean elections fund ~~from which costs incurred under this article shall be paid~~. ON DECEMBER 31 OF EACH YEAR, THE TREASURER SHALL TRANSFER ALL MONIES IN THE FUND COLLECTED FROM THE DEPARTMENT OF REVENUE AND FINES AND PENALTIES PURSUANT TO THIS ARTICLE AND DEPOSIT THE MONIES INTO THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977. The auditor general shall review the monies in, payments into and expenditures from the fund no less often than every four years.

Section 4 Section 16-954 of the Arizona Revised Statutes is amended to read:

16-954. Disposition of excess monies; THE CLASSROOM SITE FUND

A. ~~Beginning January 1, 1999,~~ An additional surcharge of ten ~~per cent~~ PERCENT shall be imposed on all civil and criminal fines and penalties collected pursuant to section 12-116.01 and shall be deposited into the ~~fund~~ CLASSROOM SITE FUND ESTABLISHED BY

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SECTION 15-977.

B. NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, BEGINNING JANUARY 1, 2017 ANY MONIES IN THE FUND AS DEFINED IN SECTION 16-961 IN THE FORM OF FINES AND PENALTIES COLLECTED PURUSANT TO SECTION 12-116.01, APPROPRIATIONS OR MONIES FROM THE DEPARTMENT OF REVENUE SHALL BE DEPOSITED IN THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977.

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

~~C~~D. At least once per year, the commission shall project the amount of clean elections funding for which all candidates will have qualified pursuant to this article for the following calendar year. By the end of each year, the commission shall announce whether the amount that the commission plans to spend the following year pursuant to section 16-949, subsection A exceeds the projected amount of clean elections funding. If the commission determines that the fund contains insufficient monies or the spending cap would be exceeded were all candidates' accounts to be fully funded, the commission may include in the announcement specifications for decreases in the following parameters, based on the commission's projections of collections and expenses for the fund, including that the fund will provide monies under section 16-951 as a fraction of the amounts there specified.

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

Section 5 Section 16-956 of the Arizona Revised Statutes is amended to read:

16-956. Voter education and enforcement duties

A. The commission shall:

1. Develop a procedure for publishing a document or section of a document having a space of predefined size for a message chosen by each candidate. For the document that is

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delivered before the primary election, the document shall contain the names of every candidate for every statewide and legislative district office in that primary election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. For the document that is delivered before the general election, the document shall contain the names of every candidate for every statewide and legislative district office in that general election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. The commission shall deliver one copy of each document to every household that contains a registered voter. For the document that is delivered before the primary election, the delivery may be made over a period of days but shall be sent in time to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the primary election. The commission may deliver the second document over a period of days but shall send the second document in order to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the general election. The primary election and general election documents published by the commission shall comply with all of the following:

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

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

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

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

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

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

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

6. Adopt rules to implement the reporting requirements of section 16-958,

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subsections D and E.

7. Enforce this article, ensure that money from the fund is placed in candidate campaign accounts or otherwise spent as specified in this article and not otherwise, monitor reports filed pursuant to this chapter and financial records of candidates as needed and ensure that money required by this article to be paid to the fund is deposited in the fund. The commission shall not take action on any external complaint that is filed more than ninety days after the postelection report is filed or ninety days after the completion of the canvass of the election to which the complaint relates, whichever is later.

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

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

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

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

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

Section 6 Severability

If a provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect any other provisions or applications of this Act that can be given

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effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Section 7 Submission to the Electorate

The Secretary of State shall submit this initiative measure to the qualified electors of the State of Arizona at the next general election, as provided by Article IV, Part 1, Section 1 of the Arizona Constitution.

Section 8 Legal Defense and Standing

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