



NOTICES OF PROPOSED EXEMPT RULEMAKING

This section of the Arizona Administrative Register contains Notices of Proposed Exempt Rulemaking. An agency may be exempt from rulemaking standards outlined in the Arizona Administrative Procedures Act (APA).

An agency's exemption is listed in the Preamble of the rulemaking as specified under: A.R.S. §§ 41-1005 or 41-1057; or a specific statute; or if a rule is promulgated by the Corporation Commission, it is exempt from Attorney General review under a court decision as determined by the Commission.

If an agency determines it is exempt under the law or court decision, the law may still require publication of the Proposed Exempt Rulemaking in this section to solicit and review public comments on the rulemaking.

Some agencies, even though completely exempt, may still elect to follow certain provisions of the APA, such as circulating its exempt rulemaking for comment. If an agency chooses this option, our office encourages filing the notice with our office for publication in the Register.

Please note, if a statute dictates that an agency is completely exempt from the rulemaking process, the agency is authorized to file a Notice of Exempt Rulemaking.

In all cases, an agency must still follow the procedures as established by our office in order to have its rulemaking package published.

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the proposed exempt rule should be directed to the agency proposing them. Refer to Item #5 of the Preamble to contact the person charged with the rulemaking.

NOTICE OF PROPOSED EXEMPT RULEMAKING

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

PREAMBLE

[R16-207]

- 1. Article, Part or Section Affected (as applicable) Rulemaking Action
2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific) and the statute or session law authorizing the exemption:
3. The effective date of the rule and the agency's reason it selected the effective date:
4. A list of all notices published in the Register as specified in R9-1-409(A) that pertain to the record of the exempt rulemaking:
5. The agency's contact person who can answer questions about the rulemaking:
6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered to include an explanation about the rulemaking:



consistent with those changes where the Commission can proceed consistent with its legal duties. The Commission’s rulemakings are exempt from Title 41, Ch. 6, Article 3, pursuant to A.R.S. § 16-956.

- 7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
Not applicable
- 8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
- 9. **The summary of the economic, small business, and consumer impact, if applicable:**
Not applicable
- 10. **A description of any changes between the proposed rulemaking, including any supplemental proposed rulemaking, and final rulemaking package, (if applicable):**
Not applicable
- 11. **An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments, if applicable:**
The Commission solicits public comment throughout the rulemaking process.
- 12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:**
 - a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**
Not applicable
 - b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:**
Not applicable
 - c. **Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:**
Not applicable
- 13. **A list of any incorporated by reference material and its location in the rules:**
Not applicable
- 14. **Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:**
The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
- 15. **The full text of the rules follows:**

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section
R2-20-101. Definitions

ARTICLE 1. GENERAL PROVISIONS

R2-20-101. Definitions

In addition to the definitions provided in A.R.S. §§ ~~16-901~~ and 16-961, the following shall apply to the Chapter, unless the context otherwise requires:

- 1. No change
- 2. No change
- 3. “Campaign account” means an account at a financial institution designated by a political committee that is used solely for political campaign purposes ~~as required in A.R.S. § 16-902(C).~~
- 4. No change
- 5. No change
- 6. No change
- 7. No change
- 8. No change



- 9. No change
- 10. No change
- 11. No change
 - a. No change
 - b. No change
 - c. No change
- 12. No change
- 13. No change
- 14. No change
- 15. No change
- 16. No change
- 17. No change
- 18. No change
- 19. No change
- 20. No change
- 21. No change
- 22. No change
- 23. No change
- 24. No change
- 25. “Unopposed” means in reference to state senate candidates and statewide candidates other than Corporation Commission, that the candidate is opposed by no candidates who will appear on the ballot. In reference to candidates for the House of Representatives and Corporation Commission, “unopposed” means that no more candidates will appear on the ballot than the number of seats available for the office sought.
 - a. ~~For purposes of funding pursuant to A.R.S. § 16-951, “unopposed means that the candidate is unopposed for both the primary election and the general election.~~
 - b. ~~For purposes of equal funding allocations pursuant to A.R.S. § 16-952(A), “unopposed” means that the candidate is unopposed in the party primary.~~
 - e. ~~For purposes of equal funding allocations pursuant to A.R.S. § 16-952(B), “unopposed” means that the candidate is unopposed in the general election~~

NOTICE OF PROPOSED EXEMPT RULEMAKING

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

PREAMBLE

[R16-208]

- | | |
|--|---------------------------------|
| 1. <u>Article, Part or Section Affected (as applicable)</u> | <u>Rulemaking Action</u> |
| R2-20-104 | Amend |
- 2. Citations to the agency’s statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific) and the statute or session law authorizing the exemption:**
 Authorizing statute: A.R.S. § 16-940, et seq.
 Implementing statute and statute authorizing the exemption: A.R.S. § 16-956(C).
 The Citizens Clean Elections Commission is exempt from Executive Order 15-01 because it is not an agency whose head is appointed by the Governor and is, therefore, exempt.
- 3. The effective date of the rule and the agency’s reason it selected the effective date:**
 The proposal may be effective no sooner than November 17, 2016.
- 4. A list of all notices published in the Register as specified in R9-1-409(A) that pertain to the record of the exempt rulemaking:**
 Not applicable
- 5. The agency’s contact person who can answer questions about the rulemaking:**
 Name: Thomas M. Collins, Executive Director
 Address: Citizens Clean Elections Commission
 1616 W. Adams St., Suite 110
 Phoenix, AZ 85007
 Telephone: (602) 364-3477
 Fax: (602) 364-3487



E-mail: thomas.collins@azcleelections.gov

- 6. **An agency’s justification and reason why a rule should be made, amended, repealed, or renumbered to include an explanation about the rulemaking:**
 R2-20-104. Certification as a Participating Candidate
 Removes unnecessary or antiquated cross-references. Adds clarifying language regarding qualifying for participating status. The legality of provisions of SB1516 and HB2297, and their companion measure HB2296 (all enacted in the 2016 legislative session) remain open to question. In the interest of consistency, the Commission proposes to adopt rules consistent with those changes where the Commission can proceed consistent with its legal duties. The Commission’s rulemakings are exempt from Title 41, Ch. 6, Article 3, pursuant to A.R.S. § 16-956.
- 7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
 Not applicable
- 8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**
 Not applicable
- 9. **The summary of the economic, small business, and consumer impact, if applicable:**
 Not applicable
- 10. **A description of any changes between the proposed rulemaking, including any supplemental proposed rulemaking, and final rulemaking package, (if applicable):**
 Not applicable
- 11. **An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments, if applicable:**
 The Commission solicits public comment throughout the rulemaking process.
- 12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:**
 - a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**
 Not applicable
 - b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:**
 Not applicable
 - c. **Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:**
 Not applicable
- 13. **A list of any incorporated by reference material and its location in the rules:**
 Not applicable
- 14. **Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:**
 The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
- 15. **The full text of the rules follows:**

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section
 R2-20-104. Certification as a Participating Candidate

ARTICLE 1. GENERAL PROVISIONS

R2-20-104. Certification as a Participating Candidate

- A. A nonparticipating candidate who accepts contributions up to the limits authorized by A.R.S. § ~~46-905-16-941(B)~~, but later chooses to run as a participating candidate, shall:
 - 1. No change
 - 2. No change
 - 3. No change



- 4. Not have ~~spent contributions~~ made expenditures exceeding the early contribution limit, or have spent any part of a contribution exceeding the early contribution limit;
- 5. No change
- 6. Return all contributions received from another candidate.
- B. No change
 - 1. Transferring money from the prior campaign account to the candidate’s current election campaign account. The amount transferred shall not exceed the permitted personal monies, early contributions, and debt-retirement contributions, as defined in A.R.S. § 16-945(C), and shall contain contributions received from individuals only;
 - 2. Spending the money lawfully prior to April 30 of an election year in a way that does not constitute a direct campaign purpose and does not meet the definition of “expenditure” under A.R.S. § 16-901(~~§24~~); and the event or item purchased is completed or otherwise used and depleted prior to April 30 of an election year;
 - 3. No change
 - 4. ~~Disposing of the money in accordance with A.R.S. § 16-915.01~~; or
 - 45. No change
- C. Application for certification as a participating candidate. Pursuant to A.R.S. § 16-947, a candidate seeking certification shall file with the Secretary of State a Commission-approved application and a campaign finance report reflecting all campaign activity to date, ~~in accordance with A.R.S. § 16-915~~. In the application, a candidate shall certify under oath that the candidate:
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
 - 5. No change
 - 6. No change
 - 7. No change
 - 8. No change
 - 9. No change
 - 10. No change
 - 11. No change
- D. No change
 - 1. No change
 - 2. No change
 - 3. No change
 - 4. No change
 - 5. No change
 - a. No change
 - b. No change
 - 6. No change
- E. ~~Personal loans~~ Loans. A participating candidate may accept an individual contribution as a loan or may loan his or her campaign committee personal monies during the exploratory and qualifying periods only. The total sum of the contribution received or personal funds and loans shall not exceed the ~~personal monies~~ expenditure limits set forth in A.R.S. § 16-941(A)(1) and (2). If the loan is to be repaid, the loans shall be repaid promptly upon receipt of Clean Elections funds if the participating candidate qualifies for Clean Elections funding. Loans from a financial institution or bank, or other institution listed in A.R.S. § 16-901(5)(b)(vii) to a candidate used for the purpose of influencing that candidate’s election shall be considered personal monies and shall not exceed the personal monies expenditure limits set forth in A.R.S. § 16-941(A)(2).
- F. No change
- G. No change



- 12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:
 - a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
Not applicable
 - b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:
Not applicable
 - c. Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:
Not applicable
- 13. A list of any incorporated by reference material and its location in the rules:
Not applicable
- 14. Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:
The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
- 15. The full text of the rules follows:

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section R2-20-105. Certification for Funding

ARTICLE 1. GENERAL PROVISIONS

R2-20-105. Certification for Funding

- A. No change
- B. No change
- C. A candidate may accept electronic \$5 qualifying contributions up to a maximum of 50% of the minimum number required to qualify for funding for the elected office sought by the candidate. The Secretary of State’s secured internet portal must be used to collect electronic \$5 qualifying. A \$5 contribution must accompany every \$5 qualifying contribution form and must be submitted via the Secretary of State’s portal using a private electronic payment service, specified by the Secretary of State’s Office, bank account, credit or debit card. A non-refundable transaction fee may be assessed on electronic \$5 qualifying contribution transactions. The transaction fee is not a contribution to the candidate’s campaign and is paid by the contributor. If excess funds are accumulated by the candidate’s campaign based on the transaction fee then all excess funds must be given to the Commission and must be entered into the candidate’s campaign finance report as interest/dividend/other income in accordance with A.R.S. 16-915(3)(e) in a manner that indicates the transaction fees have been accumulated and transferred.
- D. No change
- E. No change
 - 1. No change
 - 2. No change
 - 3. No change
- F. No change
- G. No change
- H. No change
 - 1. No change
 - 2. No change
 - 3. No change
- I. No change
- J. Pursuant to A.R.S. § 16-956(F), the minimum number of qualifying contributions shall be as follows:
 - 1. Legislature: 250
 - 2. Mine Inspector: 650
 - 3. Corporation Commissioner: 1,700
 - 4. Superintendent of Public Instruction: 1,700
 - 5. Treasurer: 1,700
 - 6. Attorney General: 2,800
 - 7. Secretary of State: 2,800
 - 8. Governor: 4,500



- 12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:
 - a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:
Not applicable
 - b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:
Not applicable
 - c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:
Not applicable
- 13. A list of any incorporated by reference material and its location in the rules:
Not applicable
- 14. Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:
The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
- 15. The full text of the rules follows:

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section
R2-20-107. Candidate Debates

ARTICLE 1. GENERAL PROVISIONS

R2-20-107. Candidate Debates

- A. No change
- B. In the primary election period, the Commission shall sponsor political party primary election debates for every office in which:
 - 1. There are more candidates appearing on the ballot than there are seats available ~~at least two candidates of~~ for the political party's nomination for general election candidates, and
 - 2. No change
- C. No change
 - 1. No change
 - 2. No change
- D. In the event that there is no participating candidate in a primary or general election but there is an election involving candidates who are not unopposed, ~~subject to invitation pursuant to this rule~~, the following apply:
 - 1. ~~Primary Election. In the event that there is no participating candidate in a primary election, but the election includes two candidates who are subject to invitation pursuant to this rule, a candidate subject to invitation may request that the Commission sponsor a debate pursuant to this rule. If the requesting candidate is the sole participant in the debate the format shall be as prescribed in R2-20-107(K).~~
 - 2. ~~General Election. In the event that there is no participating candidate in a general election, but the election includes two candidates who are subject to invitation pursuant to this rule, a candidate subject to invitation may request that the Commission sponsor a debate pursuant to this rule. If the requesting candidate is the sole participant in the debate the format shall be as prescribed in R2-20-107(K).~~
 - 3. No change
 - 4. No change
- E. No change
- F. No change
- G. No change
 - 1. No change
 - 2. No change
- H. After examining the request to be exempt, the Commission will exempt a candidate from participating in a debate if at least three Commissioners determine that the circumstances are:
 - a. Beyond the control of the candidate; or
 - b. Of such nature that a reasonable person would find the failure to attend justifiable or excusable; ~~or~~
 - e. ~~Good cause, as defined in A.R.S. § 16-918(E).~~
- I. No change



Ch. 6, Article 3, pursuant to A.R.S. § 16-956.

- 7. **A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**
Not applicable
- 8. **A showing of good cause why the rule is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:**
Not applicable
- 9. **The summary of the economic, small business, and consumer impact, if applicable:**
Not applicable
- 10. **A description of any changes between the proposed rulemaking, including any supplemental proposed rulemaking, and final rulemaking package, (if applicable):**
Not applicable
- 11. **An agency’s summary of the public or stakeholder comments made about the rulemaking and the agency response to the comments, if applicable:**
The Commission solicits public comment throughout the rulemaking process.
- 12. **Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules. When applicable, matters shall include, but not be limited to:**
 - a. **Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:**
Not applicable
 - b. **Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than the federal law and if so, citation to the statutory authority to exceed the requirements of the federal law:**
Not applicable
 - c. **Whether a person submitted an analysis to the agency that compares the rule’s impact of the competitiveness of business in this state to the impact on business in other states:**
Not applicable
- 13. **A list of any incorporated by reference material and its location in the rules:**
Not applicable
- 14. **Whether this rule previously made, amended, repealed or renumbered as an emergency rule. If so, the agency shall state where the text changed between the emergency and the exempt rulemaking packages:**
The rule was not previously made, amended, repealed, or renumbered as an emergency rule.
- 15. **The full text of the rules follows:**

TITLE 2. ADMINISTRATION

CHAPTER 20. CITIZENS CLEAN ELECTIONS COMMISSION

ARTICLE 1. GENERAL PROVISIONS

Section
R2-20-109. Independent Expenditure Reporting Requirements

ARTICLE 1. GENERAL PROVISIONS

R2-20-109. Independent Expenditure Reporting Requirements

- A. In accordance with A.R.S. § 16-958(E), all persons obligated to file any campaign finance report under any provisions of Chapter 6, Article 2 of the Arizona Revised Statutes shall file such reports using the Secretary of State’s Internet-based finance-reporting system, except if:
 - 1. ~~expressly~~Expressly provided otherwise by another Commission rule; or
 - 2. That system, or the necessary function on the system, is unavailable, in which case the executive director shall implement a substitute process.
- B. No change
 - 1. No change
 - 2. Any person who fails to file ~~a~~ a timely campaign finance report pursuant to A.R.S. § 16-941(D), A.R.S. §16-958, shall be subject to a civil penalty as prescribed in A.R.S. § 16-942(B). Subsection R2-20-109(B)(11) does not apply to reports pursuant to A.R.S. §§ 16-941(D) and -958 or this subsection. Any expenditure advocating against one or



- more candidates shall be considered an expenditure on behalf of any opposing candidate(s). Penalties shall be assessed as follows:
- a. For an election involving a candidate for statewide office, the civil penalty shall be \$300 per day.
 - b. For an election involving a legislative candidate, the civil penalty shall be \$100 per day.
 - c. The penalties in (a) and (b) shall be doubled if the amount not reported for a particular election cycle exceeds ten (10%) percent of the applicable adjusted primary election spending limit or adjusted general election spending limit.
 - d. The dollar amounts in items (a) and (b), and the spending limits in item (c) are subject to adjustment of A.R.S. § 16-959.
 - e. Penalties imposed pursuant to this subsection shall not exceed twice the amount of expenditures not reported.
- ~~A timely campaign finance report pursuant A.R.S. § 16-913, shall be subject to a civil penalty as prescribed in A.R.S. § 16-942(B), except as provided in A.R.S. 16-922(2).~~
3. A.R.S. § 16-942(B) applies to any entity including political committee committees that accepts contributions or makes expenditures on behalf of any candidate regardless of any other contributions taken or expenditures made and fails to timely file a campaign finance report under Chapter 6 of Title 16, Arizona Revised Statutes. Any expenditure advocating against one or more candidates shall be considered an expenditure on behalf of any opposing candidate(s). Penalties shall be assessed as follows:
 - a. No change
 - b. No change
 - c. No change
 - d. No change
 - e. No change
 4. ~~Any corporation, limited liability company, or labor organization that is both (a) not registered as a political committee and (b) in compliance with or intends to comply with A.R.S. § 16-920(A)(6) and A.R.S. § 16-914.02(A)(2) may seek an exemption from the reporting requirements of A.R.S. § 16-941(D) and A.R.S. § 16-958(A) and (B) for an election cycle by applying to the Commission for an exemption using a form specified by the Commission's Executive Director.~~
 5. ~~The form shall contain, at a minimum, a sworn statement by a natural person authorized to bind the corporation, limited liability company, or labor organization certifying that the corporation, limited liability company, or labor organization:~~
 - a. ~~is in compliance with, and intends to remain in compliance with, the reporting requirements of A.R.S. § 16-914.02(A) (J); and~~
 - b. ~~has or intends to spend more than the applicable threshold prescribed by A.R.S. § 16-914.02(A)(1) and (A)(2).~~
 6. ~~A corporation, limited liability company, or labor organization that does not receive an exemption from the Commission must file the Clean Elections Act independent expenditure reports specified by A.R.S. § 16-941(D) and A.R.S. § 16-958(A)-(B).~~
 7. ~~Unless the request for an exemption is incomplete or the Executive Director is aware that any required statement is untrue or incorrect, the Executive Director shall grant the exemption. Civil penalties shall not accrue during the pendency of a request for exemption.~~
 - a. ~~If the Executive Director deems the application for exemption is incomplete the person may reapply within two weeks of the Executive Director's decision by filing a completed application for exemption.~~
 - b. ~~The denial of an exemption pursuant to this subsection is an appealable agency action. The Executive Director shall draft and serve notice of an appealable agency action pursuant to A.R.S. § 41-1092.03 and § 41-1092.04 on the respondent. The notice shall identify the following:~~
 - i. ~~The specific facts constituting the denial;~~
 - ii. ~~A description of the respondent's right to request a hearing and to request and informal settlement conference; and~~
 - iii. ~~A description of what the respondent may do if the respondent wishes to remedy the situation without appealing the Commission's decision.~~
 8. ~~A corporation, limited liability company, or labor organization that has received an exemption is exempt from the filing requirements of A.R.S. § 16-941(D) and A.R.S. § 16-958 and the civil penalties outlined in A.R.S. § 16-942, provided that the exempt entity, during the election cycle (a) remains in compliance with the reporting requirements of A.R.S. § 16-914.02 (A) (J) and (b) remains in compliance with section part (2) of this subsection (F). All Commission rules and statutes related to enforcement apply to exempt entities. The Commission may audit these entities.~~
 9. ~~Any person may file a complaint with the Commission alleging that (a) any corporation, limited liability company, or labor organization that has applied for or received an exemption under this subsection has provided false information in an application or violated the terms of the exemption stated in part (8) of this subsection (F); or (b) any person that has not applied for or received an exemption has violated A.R.S. § 16-941(D), § 16-958, or parts (1), (2), or (6) of this subsection (F). Complaints shall be processed as prescribed in Article 2 of these rules. If the Com-~~



mission finds that a complaint is valid, the person complained of shall be liable as outlined in A.R.S. § 16-942(B) and part (3) of this subsection (F), in addition to any other penalties applicable pursuant to rule or statute.

10. Neither a form filed seeking an exemption pursuant to this subsection (F) nor a Clean Elections Act independent expenditure report filed as specified by A.R.S. § 16-9958 constitutes an admission that the filer is or should be considered a political committee. The grant of an exemption pursuant to this subsection (F) does not constitute a finding or determination that the filer is or should be considered a political committee.

114. For purposes of this rule A.A.C. R2-20-109(B)(3):

a. An entity shall not be found to have the predominant purpose of influencing elections be a political committee under A.R.S. §16-901(210)(f) unless, a preponderance of the evidence establishes that during a two-year legislative election cycle, the total reportable contributions made by the entity plus the total reportable expenditures made by the entity exceeds both \$500 and fifty percent (50%) of the entity’s total spending during the election cycle.

- i. No change
- ii. No change
- iii. No change
 - (1) No change
 - (2) No change
- iv. No change
- v. No change
 - (1) No change
 - (2) No change

b. Notwithstanding section a above, the commission:

- (1) Shall not apply penalties otherwise applicable to an entity that meets all of the requirements of A.R.S. § 16-901(43)(a)-(e) at the time the contribution or expenditure is made.
- (2) may ~~may~~ nonetheless determine that an entity is not a political committee if, taking into account all the facts and circumstances of grants made by an entity, it is not persuaded that the preponderance of the evidence establishes that the entity is a political committee as defined in title 16 of Arizona Revised Statutes.