STATE OF ARIZONA

Application for Serial Number
Initiative Petition
A.R.S. § 19-111

FOR OFFICE USE ONLY
FILED
NOV 29 2017
ARIZONA SECRETARY OF STATE

The undersigned intends to circulate and file an initiative 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. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

☐ **Statutory Measure** ☒ **Constitutional Amendment**

Date of Application	11/29/2017
Signatures Required	225,963
Deadline for Filing	July 5, 2018
Serial Number Issued	C-03-2018

The Stop Political Dirty Money Constitutional Amendment establishes your Right to Know the identity of all major contributors who are trying to influence the outcome of Arizona elections. Contributors will no longer be able to hide by transferring their money through intermediaries. Anyone spending more than $10,000 to oppose or support candidates or ballot measures must disclose everyone who contributed $2,500 or more promptly, publicly and under penalty of perjury. The money must be tracked back to its original source. Violators will be subject to fines. Rules to implement this Amendment will be written and enforced by a non-partisan commission.

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By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

☑ That I have read and understand the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.

☑ That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Initiative Petition form.

Terry Goddard
Applicant Signature

November 29 2017
Date

Office of the Secretary of State
1700 W. Washington Street
Phoenix, Arizona 85007

Rev. 06/01/2017

OFFICIAL TITLE

A CONSTITUTIONAL AMENDMENT

AMENDING ARTICLE VII OF THE CONSTITUTION OF ARIZONA TO REQUIRE DISCLOSURE OF THE ORIGINAL SOURCE OF CONTRIBUTIONS USED TO INFLUENCE ELECTIONS

Text of Proposed Amendment

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

SECTION 1. Title.
This Constitutional Amendment shall be known as the "Stop Political Dirty Money Amendment."

SECTION 2. Purpose and Intent.

A. This Constitutional Amendment is intended to secure the right of the People of Arizona to know who is making major contributions to influence the result of Arizona elections, to prevent corruption and provide information Arizona voters need to make informed election decisions.

B. To secure this right, this Constitutional Amendment requires public disclosure of all contributors who give $2,500 or more to influence elections in a two-year election cycle, regardless of whether their contributions passed through any intermediaries.

C. By adopting this Constitutional Amendment, the People of Arizona affirm their desire to stop the practice of laundering political contributions through multiple intermediaries to hide the original source.

D. Both individual citizens and the Citizens Clean Elections Commission will have the ability to enforce the disclosure requirements, and violators will be subject to significant civil penalties.

SECTION 3. Article VII, Constitution of Arizona, is amended by adding SECTION 19, as follows:

SECTION 19. PEOPLE'S RIGHT TO KNOW ORIGINAL SOURCE OF CAMPAIGN EXPENDITURES.

A. THE PEOPLE OF ARIZONA HAVE THE RIGHT TO KNOW THE IDENTITY OF THE ORIGINAL SOURCE OF ALL MAJOR CONTRIBUTIONS USED TO PAY, IN WHOLE OR PART, FOR A CAMPAIGN EXPENDITURE. THIS RIGHT REQUIRES THE PROMPT, ACCESSIBLE, COMPREHENSIBLE AND PUBLIC DISCLOSURE OF ORIGINAL SOURCES.

1. AN "ORIGINAL SOURCE" IS A PERSON WHOSE CONTRIBUTION IS FUNDED ENTIRELY FROM SOURCES THAT ARE NOT CONTRIBUTIONS, DONATIONS OR GIFTS. EXAMPLES OF SUCH SOURCES INCLUDE WAGES, INVESTMENT INCOME OR REVENUE GENERATED BY SELLING GOODS OR SERVICES. FOR THE PURPOSES OF THIS DEFINITION, INHERITANCES IN ANY AMOUNT AND DUES OF LESS THAN $5,000 PER YEAR PER MEMBER PAID BY MEMBERS TO MEMBERSHIP ORGANIZATIONS OR TRADE ASSOCIATIONS ARE NOT CONSIDERED TO BE CONTRIBUTIONS, DONATIONS OR GIFTS.

2. "PERSON" INCLUDES BOTH NATURAL PERSONS AND ENTITIES SUCH AS CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS, REGARDLESS OF LEGAL FORM.

3. A "MAJOR CONTRIBUTION" IS A CONTRIBUTION OF FUNDS, GOODS OR SERVICES WITH A MONETARY VALUE OF $2,500 OR MORE.

4. A "TWO-YEAR ELECTION CYCLE" RUNS FROM THE DAY AFTER A STATEWIDE GENERAL ELECTION THROUGH THE DAY OF THE SUBSEQUENT STATEWIDE GENERAL ELECTION.

5. A "CAMPAIGN EXPENDITURE" IS A PAYMENT FOR A PUBLIC COMMUNICATION THAT (A) IS SUSCEPTIBLE TO NO REASONABLE INTERPRETATION OTHER THAN AN APPEAL TO VOTE FOR OR AGAINST A CLEARLY IDENTIFIED STATE OR LOCAL CANDIDATES OR BALLOT MEASURES OR (B) CLEARLY IDENTIFIES ONE OR MORE STATE OR LOCAL CANDIDATE OR BALLOT MEASURE AND IS DISTRIBUTED WITHIN THE PERIOD BEGINNING 45 DAYS BEFORE THE PRIMARY ELECTION AND ENDING ON THE DATE OF THE GENERAL ELECTION AT WHICH VOTERS WILL CONSIDER THOSE CANDIDATES OR BALLOT MEASURES.

B. ANY PERSON THAT MAKES CAMPAIGN EXPENDITURES TOTALING MORE THAN $10,000 IN A TWO-YEAR ELECTION CYCLE SHALL PROMPTLY DISCLOSE THE IDENTITY OF ALL ORIGINAL SOURCES OF MAJOR CONTRIBUTIONS USED TO FUND THAT EXPENDITURE.

1. THE INITIAL DISCLOSURE SHALL BE MADE WITHIN 5 DAYS OF MAKING THE FIRST CAMPAIGN EXPENDITURE THAT BRINGS THE PERSON'S TOTAL CAMPAIGN EXPENDITURES OVER THE $10,000 DISCLOSURE THRESHOLD.

2. IF THE PERSON CONTINUES TO MAKE CAMPAIGN EXPENDITURES DURING THE SAME TWO-YEAR ELECTION CYCLE, THEY SHALL FILE SUPPLEMENTAL DISCLOSURES OF THEIR ORIGINAL SOURCES EACH TIME THEY MAKE ADDITIONAL CAMPAIGN EXPENDITURES WITH AN AGGREGATE VALUE OF $10,000 OR MORE. THESE SUPPLEMENTAL DISCLOSURES SHALL BE MADE WITHIN 24 HOURS OF MAKING THE CAMPAIGN EXPENDITURE THAT BRINGS THEM OVER THE SUPPLEMENTAL DISCLOSURE THRESHOLD.

3. IF THE PERSON MAKING THE REPORT DID NOT RECEIVE A CONTRIBUTION USED TO MAKE THE CAMPAIGN EXPENDITURE DIRECTLY FROM AN ORIGINAL SOURCE, ITS REPORT SHALL ALSO IDENTIFY ANY INTERMEDIARY PERSONS THROUGH WHICH THE CONTRIBUTION PASSED ON THE WAY FROM THE ORIGINAL SOURCE TO THE EXPENDITURE SUBJECT TO THIS SECTION.

4. AN ORIGINAL SOURCE MAY EITHER DIRECT OR PROHIBIT THE USE OF ITS CONTRIBUTED FUNDS FOR CAMPAIGN EXPENDITURES, AND A PERSON FILING REPORTS MAY RELY ON THAT DIRECTION IN IDENTIFYING THE ORIGINAL SOURCE FOR REPORTING PURPOSES, PROVIDED THAT THE CONTRIBUTED FUNDS WERE ACTUALLY HANDLED AS DIRECTED.

5. WHERE FUNDS FROM MULTIPLE ORIGINAL SOURCES ARE RECEIVED BY THE PERSON FILING THE REPORT OR BY ANY INTERMEDIARY THROUGH WHICH THOSE FUNDS PASSED, THE PERSON MAKING THE REPORT MUST ACCURATELY REPORT THE ORIGINAL SOURCES OF FUNDS USED FOR THE CAMPAIGN EXPENDITURE. IF IT IS NOT POSSIBLE AFTER DILIGENT INVESTIGATION TO DETERMINE THE ORIGINAL SOURCE OF SPECIFIC FUNDS, THEN THE PRESUMPTION SHALL BE THAT THE LAST FUNDS RECEIVED PRIOR TO THE CAMPAIGN EXPENDITURE OR INTERMEDIARY TRANSFER SHALL BE ATTRIBUTED TO THAT EXPENDITURE OR TRANSFER.

6. THE IDENTITY OF AN ORIGINAL SOURCE WHO CONTRIBUTED LESS THAN $2,500 OF THE FUNDS USED TO MAKE A CAMPAIGN EXPENDITURE NEED NOT BE DISCLOSED.

7. THE STATUTES, REGULATIONS, AND PROCEDURES ADOPTED TO IMPLEMENT THIS CONSTITUTIONAL AMENDMENT MAY (1) PROVIDE THAT POLITICAL COMMITTEES MAY SATISFY THE DISCLOSURE REQUIREMENTS OF THIS CONSTITUTIONAL AMENDMENT THROUGH PERIODIC CAMPAIGN FINANCE REPORTS, MADE AVAILABLE TO THE PUBLIC, THAT IDENTIFY THE ORIGINAL SOURCES OF ANY MAJOR CONTRIBUTIONS THEY RECEIVE AND (2) PROVIDE FOR THE PROTECTION OF THE PHYSICAL ADDRESSES OF ORIGINAL SOURCES WHOSE ADDRESSES ARE OTHERWISE PROTECTED FROM DISCLOSURE BY LAW OR COURT ORDER OR WHO DEMONSTRATE THAT PUBLIC KNOWLEDGE OF THEIR ADDRESS WOULD SUBJECT THEM TO RISK OF PHYSICAL HARM.

8. ALL REPORTS SHALL BE MADE UNDER OATH AND SUBJECT TO PENALTY OF PERJURY.

9. UNLESS OTHERWISE PROVIDED BY LAW, ALL REPORTS SHALL BE MADE TO THE SECRETARY OF STATE.

C. ANY PERSON WHO FAILS TO MAKE A DISCLOSURE REQUIRED BY SUBSECTION B SHALL BE SUBJECT TO A CIVIL FINE OF NOT LESS THAN THE AMOUNT OF THE UNDISCLOSED OR IMPROPERLY DISCLOSED CAMPAIGN EXPENDITURES AND NOT MORE THAN THREE TIMES THAT AMOUNT.

1. THE CITIZENS CLEAN ELECTIONS COMMISSION SHALL HAVE THE AUTHORITY TO IMPOSE FINES TO ENFORCE THIS SECTION AND MAY SEEK EQUITABLE RELIEF IN COURT FOR A FAILURE TO COMPLY WITH DISCLOSURE OBLIGATIONS.

2. IN THE ALTERNATIVE, ANY PERSON ELIGIBLE TO REGISTER TO VOTE IN ARIZONA MAY FILE A CIVIL ACTION SEEKING THE IMPOSITION OF FINES OR EQUITABLE RELIEF AGAINST A PERSON WHO FAILS TO COMPLY WITH SUBSECTION B. IF THE PLAINTIFF IN SUCH AN ACTION PREVAILS, THEY SHALL BE AWARDED REASONABLE ATTORNEYS' FEES AND COSTS.

3. THE CITIZENS CLEAN ELECTIONS COMMISSION MAY ALSO (1) ESTABLISH AND IMPOSE PENALTIES FOR LATE OR INCOMPLETE DISCLOSURES AND (2) ESTABLISH DISCLAIMER REQUIREMENTS FOR PUBLIC COMMUNICATIONS PAID FOR WITH CAMPAIGN EXPENDITURES SUBJECT TO THIS SECTION WHICH IDENTIFY ORIGINAL SOURCES OF MAJOR CONTRIBUTIONS TO THOSE EXPENDITURES.

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4. ANY FINES OR PENALTIES ASSESSED PURSUANT TO THIS SUBSECTION SHALL BE DEPOSITED IN A FUND ADMINISTERED BY THE CITIZENS CLEAN ELECTIONS COMMISSION AND USED TO DEFRAY THE COSTS OF ENFORCING THIS SECTION.

5. THE CITIZENS CLEAN ELECTION COMMISSION SHALL BE THE PRIMARY AGENCY AUTHORIZED TO ENACT AND ENFORCE RULES AND REGULATIONS TO IMPLEMENT THIS SECTION.

6. THE CITIZENS CLEAN ELECTIONS COMMISSION MAY ADJUST THE FINANCIAL THRESHOLDS ESTABLISHED BY SUBSECTIONS A(1), A(3), B, B(1), B(2) AND B(6) TO REFLECT THE COST OF LIVING. THESE ADJUSTMENTS MAY OCCUR ONLY ONCE EVERY 10 YEARS AND MAY NOT INCREASE THE AMOUNT OF A FINANCIAL THRESHOLD BY MORE THAN 25% OF THE PREVIOUS LEVEL.

7. IF THE CLEAN ELECTIONS COMMISSION CEASES TO EXIST, PRIOR TO CEASING OPERATIONS IT SHALL DESIGNATE A SUCCESSOR ORGANIZATION TO FULFILL ITS RESPONSIBILITIES UNDER THIS CONSTITUTIONAL AMENDMENT.

Section 4. 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 5. Submission to voters.

The Secretary of State shall submit this Constitutional Amendment to the voters at the next general election as provided by Article XXI, Section 1, Constitution of Arizona.

Section 6. Effective date and implementation.

A. If approved by the voters, this Constitutional Amendment shall apply to all elections, as provided herein, occurring after January 1, 2020.

B. The Legislature, Secretary of State, Citizens Clean Elections Commission 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 2020 and every election thereafter.

C. The Secretary of State and local elections officials shall publicize the requirements of these provisions.

D. Nothing in this Constitutional Amendment shall have the effect of preventing the Legislature, a County Board of Supervisors or a municipal government from enacting disclosure requirements more stringent than those required by this Constitutional Amendment.

E. The rights established by this Section shall be construed broadly.

Section 7. Legal Defense.

The People of Arizona desire that this Constitutional Amendment, if approved by the voters, be defended if it is challenged in court. They therefore declare that the political committee registered to circulate petitions and campaign in support of the adoption of this Constitutional Amendment, or any one or more of its officers, have standing to defend this Constitutional Amendment on behalf of and as the agent of the People of Arizona in any legal action brought to challenge the validity of this Constitutional Amendment.

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