

Ballot Proposition C-03-2018
Stop Political Dirty Money Amendment
Fiscal Analysis

Estimated Impact

A.R.S. § 19-123E requires the Joint Legislative Budget Committee Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition XXX would amend the Arizona Constitution to require individuals and entities making campaign expenditures of \$10,000 or more in a 2-year election cycle to report to the Secretary of State the original sources of any contribution over \$2,500 starting in 2020. Under Proposition XXX, the required reporting may be filed with other government entities based on future changes in law, rule, or procedure.

As a result of Proposition XXX, the Secretary of State would update its campaign finance reporting system. The Secretary of State estimates a one-time cost of \$150,000 to modify the system, and \$36,400 annually for ongoing expenses. To the extent that reports required by Proposition XXX are filed with other government entities instead of the Secretary of State, this may reduce the Secretary of State's costs and may increase costs for other government entities.

Proposition XXX would also authorize the Citizens Clean Elections Commission (CCEC) to enact rules to implement the ballot provisions and to collect fees and civil fines for noncompliance. The CCEC would incur costs to enforce the proposition. Proposition XXX directs the CCEC to use the monies collected from fines and penalties for enforcement.

Background

Individuals and entities expending money to influence an election must currently submit finance reports to the Secretary of State, a county election officer, or a city/town clerk. The Secretary of State uses a campaign finance reporting system for statewide and legislative elections, recalls, judicial elections, and statewide ballot measures. Proposition XXX would make the Secretary of State the repository for the reports documenting the original sources of campaign contributions for all local and statewide elections, unless other entities (such as local election officials) are designated as recipients of these reports by future changes in law, rule or procedure.

The CCEC provides public funding to qualified candidates that gather \$5 qualifying contributions and adhere to spending and contribution limits set by the Commission, and enforces these rules. Proposition XXX expands the duties of the CCEC to enact and enforce the provisions of the proposed amendment.

Analysis

Based on the Secretary of State being the repository of the reports, the Secretary of State estimates a cost of \$186,400 in FY 2020 to modify their campaign finance reporting system and to increase staff. Of the estimated costs, \$150,000 is designated as one-time to modify the current system, and \$36,400 is for the ongoing cost for additional staffing. The staffing increase would assist entities submitting this new report and support new users to the system whom previously filed with only county or local officials.

The CCEC would devote resources to the implementation of new rules and enforcement. The projected costs of enforcement are to be defrayed from fines and civil penalties collected through the enforcement of Proposition XXX. The CCEC did not have an estimate of these costs.