

**Ballot Proposition 211
Voters' Right to Know Act
Fiscal Analysis**

Estimated Impact

A.R.S. § 19-123(E) 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 211 enacts a 1% surcharge on all fines for criminal offenses and civil violations and implements changes to state laws regarding campaign finance.

The initiative's 1% fine surcharge is projected to increase annual state revenues by \$600,000 and these revenues would be deposited into a separate account in the Citizens Clean Elections Fund.

The initiative enacts various requirements regarding campaign finance and disclosure of campaign contributions. These changes are estimated to increase state spending for the Secretary of State's campaign finance database, with an estimated one-time cost of \$135,000 for information technology upgrades to accept new reporting required by the initiative. This cost would be paid from the revenues collected from the 1% fine surcharge.

The act requires the Citizens Clean Elections Commission to enforce the new campaign finance requirements. Any new enforcement costs can be paid with the new 1% surcharge revenue.

Analysis

Proposition 211 enacts a 1% surcharge on all fines for criminal offenses and civil violations and implements changes to state laws regarding campaign finance.

Revenue Impact – 1% Fine Surcharge

Under current law, the state levies a 10% fine surcharge on all fines for criminal offenses and civil violations, with those revenues being deposited into the Citizens Clean Elections Fund. During the last 3 fiscal years (FY 2020 – FY 2022), revenue from the existing 10% surcharge is as follows: FY 2020 \$6.5 million, FY 2021 \$6.4 million, FY 2022 \$6.0 million.

The initiative's proposed 1% surcharge would apply to the same fine revenue base as the existing 10% surcharge. Based on the ratio of the proposed 1% surcharge to the existing 10% surcharge, we estimate the new 1% surcharge will increase annual state revenues by \$600,000. These new revenues would be deposited into a separate account in the Citizens Clean Elections Fund. The measure authorizes the Citizens Clean Elections Commission to suspend the 1% surcharge for a period of 1 to 3 years if the Commission determines the additional revenue is not needed to perform the actions required by the initiative. Any potential suspension of the surcharge cannot be estimated in advance of the measure's implementation.

Spending Impact – Campaign Finance Reporting and Enforcement

The initiative would increase state spending by enacting various requirements regarding campaign finance and the disclosure of campaign contributions. Under the measure's disclosure requirements, certain contributions and transfers must be disclosed within specific time periods (also known as "trigger reports"). The Secretary of State's office estimates that updating the state's campaign finance database to accept trigger reports relating to in-kind contributions will result in one-time costs of \$135,000 for contracted programming labor. The measure authorizes these types of expenditures to be paid from the newly established 1% fine surcharge revenue.

The act would require the Citizens Clean Elections Commission to enforce the new campaign finance and contribution disclosure requirements. The Commission's staff has projected that any new enforcement costs can be paid for with existing budgetary and staffing levels. If additional enforcement resources are required, these costs would be funded from the newly established 1% fine surcharge revenue.

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