

# **CAMPAIGN FINANCE ADMINISTRATION RULES AND REGULATIONS**



**OFFICE OF THE CITY CLERK  
CITY OF TUCSON**

**December 2016**

Exhibit A to Resolution No. 22700

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# **CHAPTER ONE**

## **INTRODUCTION**

- 1.1 In addition to requirements under Arizona State law regarding campaign financing, Chapter XVI of the Tucson City Charter imposes additional conditions with respect to contributions and expenditures for candidates participating in the public funding program.
- 1.2 Provisions for Campaign Finance Administration are contained in the Tucson City Charter, Chapter XVI, Subchapters A and B, and rules and regulations adopted by the Mayor and Council. These provisions apply to all candidates for the offices of Mayor or City Council of the City of Tucson who are participating in public funding program effective with the 1987 elections.
- 1.3 Rules and regulations regarding the implementation and administration of these provisions including candidate eligibility requirements, responsibilities for compliance, and other pertinent procedures are presented herein. Additional questions regarding this process should be directed to:

The City Clerk, Campaign Finance Administrator

City Hall, 9<sup>th</sup> Floor

255 W. Alameda

Tucson, AZ 85701

OR

P.O. Box 27210

Tucson, AZ 85726-7210

**Office** (520) 791-4213

**FAX** (520) 791-4017

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- 1.4 Two copies of these rules and regulations are filed with the City Clerk in accordance with the provisions of Section 10A-136 of the Tucson City Code.
- 1.5 Copies of these rules and regulations are available from the City Clerk. All forms and documents referred to in these rules and regulations are available from, issued by, and to be filed with, the City Clerk.

## **CHAPTER TWO**

### **DEFINITIONS**

- 2.1 Agent: As defined in Arizona Revised Statutes (A.R.S.), “agent” means any person other than a candidate who has oral or written authority, either express or implied, to make or authorize the making of expenditures on behalf of a candidate.
- 2.2 Anonymous Contribution: Contribution missing information which will not allow the individual to be adequately identified; mailing or residence address, original signature.
- 2.3 Best Efforts: The attempts made by a political committee to obtain the information required by State law and City rules and regulations for each contribution. The Treasurer or his agent must make at least one attempt to obtain the missing information in writing or by oral contact documented in writing and with the City Clerk. Note: Best Efforts do not resolve missing original signatures of contributors.
- 2.4 Campaign or Campaign period: Encompasses the entire time from the date on which an individual becomes a candidate until the election or defeat of the candidate as canvassed by the Mayor and Council.
- 2.5 Campaign Committee: See “Political Committee.”
- 2.6 Campaign Contract: A signed agreement between a candidate and the City wherein the candidate agrees to abide by limitations on candidate's contributions, limitations on campaign expenditures, and limitations on the use of all contributions as specified in the City Charter, in exchange for public matching funds.
- 2.7 Campaign contribution: See “Contribution.”
- 2.8 Campaign Finance Administrator: The City Clerk of the City of Tucson, Arizona.
- 2.9 Candidate: As defined in A.R.S., “candidate” means an individual who receives or gives consent for receipt of a contribution for his/her nomination for or election to any office in the City of Tucson. An individual is deemed to be a candidate at such time as the first of any of the following events occur:
- (A) The individual circulates or files nomination papers for a specified election; or
  - (B) The individual publicly or formally declares candidacy for a specified election; or
  - (C) The individual accepts a contribution or makes an expenditure for a specified election.
- 2.10 Candidate's Campaign Committee: A political committee designated and authorized by a candidate (see “Political Committee”).

- 2.11 Charter: The Charter of the City of Tucson, Arizona
- 2.12 City: City of Tucson, Arizona
- 2.13 Committee: See “Political Committee.”
- 2.14 Contribution: Contributions include monies, loans, gifts, subscriptions, debts incurred, property-in-kind, or advances or deposits of money or things having a monetary value incurred or received by a candidate or his/her agent or other person on behalf of the candidate for use in advocating or influencing the election of the candidate. Tucson Charter Chapter XVI, Subchapter A, Section 2(b) (1); A.R.S. § 16-901(5).

**Exception:** Uncompensated Internet activity by individuals that is not a contribution. (Code of Federal Regulations, Title 11, Chapter I, Subchapter A, Section 100.94)

- (A) When an individual or a group of individuals, acting independently or in coordination with any candidate, authorized committee, or political party committee, engages in Internet activities for the purpose of influencing a City election, neither of the following is a contribution by that individual or group of individuals:
- (I) The individual’s uncompensated personal services related to such Internet activities.
  - (II) The individual’s use of equipment or services for uncompensated Internet activities, regardless of who owns the equipment and services.
- (B) Internet activities. For the purposes of this exception, the term “Internet activities” includes, but is not limited to: Sending or forwarding electronic messages; providing a hyperlink or other direct access to another person’s Web site; blogging; creating, maintaining or hosting a Web site; paying a nominal fee for the use of another person’s Web site; and any other form of communication distributed over the Internet.
- (C) Equipment and services. For the purposes of this exception, the term “equipment and services” includes, but is not limited to: Computers, software, Internet domain names, Internet Service Providers (ISP), and any other technology that is used to provide access to or use of the Internet.
- (D) Paragraph (A) of this exception also applies to any corporation that is wholly owned by one or more individuals, that engages primarily in Internet activities, and that does not derive a substantial portion of its revenues from sources other than income from its Internet activities.

(E) This exception does not exempt from the definition of contribution:

(I) Any payment for a public communication other than a nominal fee; or

(II) Any payment for the purchase or rental of an e-mail address list made at the direction of a political committee; or

(III) Any payment for an e-mail address list that is transferred to a political committee.

2.15 Direct Campaign Expense: Expenses related directly to further the campaign of the individual candidate, such as printing campaign literature, media space or time, mailings, campaign headquarters rent, or paying for campaign staff salaries. See Sections 7.13 through 7.16 for further information.

2.16 Election Campaign Account: An account established by the Mayor and Council in the City's general fund into which is deposited such sums as may be appropriated from time to time in the annual budget, gifts and donations made to the City for the support of public election campaign financing, and such sums as may otherwise be appropriated to said account. Money will be expended for the purpose of assisting the financing of public election campaigns.

2.17 Electronic Contribution: Any contribution made through an electronic funds transfer, including but not limited to credit card, debit card and money transmitter.

2.18 Evidence: Includes, but is not limited to, Campaign Finance Reports, contributions and expenditures, including bank records, vouchers, receipts, bills and accounts, journals, ledgers, fundraising solicitation material, accounting systems documentation, and any related materials documenting campaign receipts and disbursements.

2.19 Expenditures: As defined in A.R.S. § 16-901(8), "expenditure" is any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election.

**Note:** Expenditures include a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received.

**Exception:** Uncompensated Internet activity by individuals that is not an expenditure. Refer to Section 2.14 for a description.

2.21 Family Contribution: "Family contribution" means any contribution that is provided to a candidate's committee by the parent, grandparent, aunt, uncle, child or sibling of the candidate or the candidate's spouse, including the spouse of any of the listed family members, regardless of whether the relation is established by marriage or adoption.

- 2.22 Identification: As defined in A.R.S. § 16-901(12), “identification” means:
- (A) For an individual, his/her name and mailing address, his/her occupation and the name of his/her employer.
  - (B) For any other person, including a political committee, the full name and mailing address of the person. For a political committee, identification includes the identification number issued on the filing of a Statement of Organization pursuant to A.R.S. § 16-902.01.
- 2.23 Incomplete Contribution: Contribution missing information required by State law or Tucson Code:
- (A) The identification of the contributor as listed in Section 2.21, above.
  - (B) For City contributors: a residence address and a daytime phone number.
  - (C) Original signature of contributor.
- 2.24 Independent Expenditures: As defined in the Tucson Charter Chapter XVI, Subchapter A, Section 2(b)(3), “independent expenditure” means an expenditure by a person for a communication expressly advocating the support of or opposition to a clearly identified candidate which is not made with the cooperation or with the prior consent of a candidate or his/her agent or a controlled committee of a candidate.
- As defined in the A.R.S. § 16-901(14), “independent expenditure” means an expenditure by a person or political committee, other than a candidate’s campaign committee, that expressly advocates the election or defeat of a clearly identified candidate, that is made without cooperation or consultation with any candidate or committee or agent of the candidate and that is not made in concert with or at the request or suggestion of a candidate, or any committee or agent of the candidate. Independent expenditure includes an expenditure that is subject to the requirements of the A.R.S. § 16-917, which requires a copy of campaign literature or advertisement to be sent to a candidate named or otherwise referred to in the literature or advertisement.
- The limits on contributions contained in A.R.S. Title 16, Chapter 6 and the City Charter do not apply to independent expenditures. However, pursuant to the Tucson Code, additional campaign finance reporting requirements do apply.
- 2.25 In-Kind Contribution: A contribution of goods or services or anything of value and not a monetary contribution.
- 2.26 Mayor and Council: The Mayor and Council of the City of Tucson, Arizona.

- 2.27 Opponent to a Candidate: An opponent to a candidate for Campaign Contract purposes is deemed to exist when another individual becomes a candidate for the same elected office, regardless of political party affiliation.
- 2.28 Personal Monies: means any of the following:
- (A) Assets to which the individual or individual's spouse has either legal title or an equitable interest.
  - (B) Salary and other earned income from bona fide employment of the individual or individual's spouse.
  - (C) Dividends and proceeds from the sale of investments of the individual or individual's spouse.
  - (D) Bequests to the individual or individual's spouse.
  - (E) Income to the individual or individual's spouse from revocable trusts for which the individual or individual's spouse is a beneficiary.
  - (F) Gifts of a personal nature to the individual or individual's spouse that would have been given regardless of whether the individual became a candidate or accepted a contribution.
  - (G) The proceeds of loans obtained by the individual or individual's spouse that are secured by collateral or security provided by the individual or individual's spouse.
  - (H) **Family contributions. (*Emphasis added*)**  
As noted above, family contributions are considered the personal monies of the candidate. Therefore, for public funding candidates, the following apply:
    - (I) Family contributions cannot be matched with public funds.
    - (II) Family contributions are subject to the 3% limit a candidate can contribute to their own campaign.
    - (III) The individual family members who make contributions and who reside in Tucson may be counted as one of the qualifying contributions the candidate needs to establish eligibility to receive public matching funds.
- 2.29 Political Action Committee: means an entity that is required to register as a political action committee pursuant to A.R.S. § 16-905.
- 2.30 Statement of Organization: The Statement of Organization designates the political committee and must include the name of the candidate. The candidate must file a Statement of Organization form with the Campaign Finance Administrator *prior* to making any expenditures, accepting any contributions, or distributing any campaign literature or circulating any petitions. The Statement of Organization must also include all of the following:

- (A) Name, address and type of committee.
- (B) The names, addresses, telephone numbers, occupations and employers of the chairperson and treasurer of the committee.
- (C) In the case of a candidate's campaign committee, the name, address, office sought and party affiliation of the candidate.
- (D) The name of all banks used by the committee. The committee does not have to provide account numbers.

2.31 Vendor: A licensed business that sells/contracts to provide goods or services. Vendors must be paid fair market value for services rendered.

## **CHAPTER THREE**

### **CAMPAIGN CONTRACT**

- 3.1 To participate in the program, a candidate for the Office of Mayor or Council Member signs a contract with the City of Tucson agreeing to abide by limitations on campaign expenditures. The campaign contract must be signed by the candidate either within thirty (30) days after the individual has become a candidate or at the time of filing for office, whichever is earlier. If the contract is not signed within this time frame, the candidate will not be eligible to participate in the program.

**A candidate who signs a contract must comply with all contribution and expenditure limitations, even if the candidate never qualifies to receive public funds.**

- 3.2 The contract remains in effect for the entire campaign period. The contract must be signed by the candidate and notarized. Campaign contracts and a copy of these Rules and Regulations are available from the City Clerk, who is the Campaign Finance Administrator.

### **CONTRACT PROVISIONS**

- 3.3 Candidate Contract Contribution Limitations: A candidate who signs a Campaign Contract shall make no contributions to their own campaign or campaign committee which in the aggregate exceeds three percent (3%) of the applicable expenditure limit in any campaign period. This includes all personal monies as described in Section 2.28.
- 3.4 A candidate who signs a contract must file a Statement of Organization with the City Clerk prior to circulating nomination petitions, accepting any contributions or making any expenditures.
- 3.5 Expenditure Limitations: The Campaign Finance Administrator will calculate the expenditure limit pursuant to the Tucson Charter and distribute the limits in July/August of each year.
- (A) The expenditure limitation amount will be based upon the City voter registration figures as of June 30 of the year in which a City Candidate election is held.
  - (B) Preliminary expenditure limitations will be based upon the previous year's June 30 voter registration until the current year's June 30 voter registration figures are available.
  - (C) No more than seventy-five percent (75%) of the eligible expenditure limitation may be spent through the day of the Primary Election.
  - (D) Candidates in the General Election who remain unopposed after the deadline for write-in candidates may spend no further matching funds.

## **VOIDING THE CONTRACT**

- 3.6 A candidate who has signed a Campaign Contract may void the contract no later than fifteen (15) days after the close of filing of nomination papers provided that an opponent of that candidate does not enter into a Campaign Contract before that time; and provided further that the candidate returns all public funds received to the Campaign Finance Administrator for deposit into the election campaign account no later than ten (10) days following the Campaign Finance Administrator's receipt of the candidate's written notice of desire to void the contract. Upon receipt of funds, the contract shall be deemed voided.
- 3.7 A candidate who has signed a campaign contract and who later formally withdraws from candidacy, or fails to file for public office, shall return all public funds received to the Campaign Finance Administrator for deposit into the election campaign account no later than ten (10) days following such event. Upon receipt of funds, the contract shall be deemed voided.

## **CHAPTER FOUR**

### **CONTRIBUTIONS AND EXPENDITURES**

#### **STATEMENT TO ESTABLISH ELIGIBILITY**

- 4.1 For the office of Mayor, the candidate must receive three hundred (300) verifiable contributions of ten dollars (\$10.00) or more from individual residents of the City of Tucson.
- 4.2 For the office of Council Member, the candidate must receive two hundred (200) verifiable contributions of ten dollars (\$10.00) or more from individual residents of the City of Tucson.
- 4.3 A \$10.00 contribution from the candidate toward their own campaign does count as one of the qualifying 200 or 300 contributions needed to establish eligibility. However, contributions from the candidate to their own campaign are not matched with public matching funds.
- 4.4 Upon determination by the committee that they have achieved the minimum threshold of contributions, the candidate files a campaign finance report entitled 'Statement to Establish Eligibility' with the Campaign Finance Administrator.
- 4.5 The Statement to Establish Eligibility must be filed no later than fourteen (14) days prior to the end of the campaign period.
- 4.6 The Statement to Establish Eligibility must contain evidence that the candidate has met the minimum requirements to qualify for public matching funds:

This evidence must be sufficiently detailed so as to substantiate that funds were received and shall include for each contribution the following:

- (A) The full name of the contributor.
- (B) Residence address inside the City limits.
- (C) Occupation and employer.
- (D) Phone number (home or business) of each person whose contribution is used to establish eligibility.
- (E) The date and amount of each contribution.
- (F) For cash contributions, a receipt given to the contributor with a copy kept in the candidate's records.
- (G) The *original signature of the contributor for each contribution*, no matter how the contribution was received.

4.7 Neither loans, nor the transfer of anything of value other than money shall be included for the purposes of determining eligibility to receive public matching funds.

4.8 Evidence shall be submitted in the manner established by the Campaign Finance Administrator (i.e. Campaign Finance Report formatted pursuant to these Rules and Regulations and the Tucson Code).

4.9 Candidates must make Best Efforts (see definitions) and file written documentation of such attempts to obtain missing information for all incomplete contributions with each campaign finance report. Failure to do so will result in a delay in establishing eligibility for public matching funds and/or a delay in receiving funds.

4.10 Electronic contributions must comply with the following procedures:

NOTE: Campaign Finance Administrator must pre-approve any money transmitter. The transmitter must be licensed to conduct this type of activity.

Campaign website requirements for using money transmitter:

- (A) Website must require the following information be provided by the contributor:

- (I) Name
  - (II) Mailing address (residence address if contribution is reported on Schedule 1)
  - (III) Phone number (for city contributors)
  - (IV) Occupation
  - (V) Employer
- (B) Website must require the contributor to check a box swearing to the following statement:
- “By checking this box, I am making a contribution for purposes of the Arizona campaign finance laws, and swearing under the penalty of perjury that the following statements are true and accurate: I am 18 years or older, and I am a U.S. citizen or permanent resident alien; this contribution is made from my own funds, and not from the funds of any other person (including the general funds of a corporation or labor organization); and the funds are not provided to me by another person for the purpose of making this contribution.”
- (C) The campaign must receive an automatic email when a contributor begins the donation process by entering the required information on the campaign’s website. The required information, including the sworn statement must be included in the email sent to the campaign.
  - (D) The campaign should print out the email for bookkeeping purposes.
  - (E) When an email is received from the money transmitter confirming that the financial transaction has been completed, it should be printed and matched up to the email received from the campaign website.
  - (F) Once the contributor account is created in the campaign finance software, the total contribution should be entered into the appropriate schedule (1, A, or A-1).
  - (G) The money transmitter name should be entered as a vendor into the campaign finance software. For each contributor, the fee/transaction charge should be entered under schedule D-7 “Other Disbursement.” The contributor name should be entered into the description field.
  - (H) Any contribution that does not contain all of the required information, including the sworn statement, will not be matched with public matching funds.

- 4.11 Candidates must obtain the **original signature of all contributors**. No exceptions. This includes contributions made through electronic means. Failure to do so will result in a delay in establishing eligibility for public matching funds and/or a delay in receiving funds.
- 4.12 Anonymous and prohibited contributions must be disbursed within five (5) business days. Anonymous contributions must be deposited with the campaign finance administrator. Prohibited contributions must be returned to the contributor.

### **CONTRIBUTION LIMITS**

- 4.13 A candidate may contribute up to three percent (3%) of the expenditure limit to their own campaign. See definition of Personal Monies, Section 2.28.
- 4.14 There are mandatory state campaign contribution limitations that apply to all candidates. State contribution amounts are adjusted biennially by the Secretary of State pursuant to A.R.S. § 16-905(H). Candidates must comply with provisions included in the A.R.S., Title 16. All candidates should review these laws. Copies are available online at the Secretary of State's website.

### **CONTRIBUTIONS v. LOANS**

- 4.15 A candidate may make a loan to their own political committee. However, the loan together with any personal monies from the candidate cannot total more than three percent (3%) of the expenditure limitation for the campaign period.
- 4.16 Candidates may accept loans from individuals. However, the loan together with any other contributions (cash or in-kind) from the individual cannot total more than the individual contribution limit.
- 4.17 Candidates and treasurers should remember that loans count as contributions to the extent that they remain unpaid. **As soon as loans are repaid, they count as expenditures to the campaign.**

### **EXPENDITURES**

- 4.18 When reporting expenditures in campaign finance reports, evidence must be sufficiently detailed so as to substantiate disbursement of campaign funds in accordance with the provisions of Tucson Charter, Chapter XVI, these Rules and Regulations, and State Campaign Finance Statutes (A.R.S., Title 16) and shall be submitted in the manner established by the Campaign Finance Administrator.

Evidence for each expenditure shall be supported by independent documentation and shall include:

- (A) The date of the expenditure.
- (B) The amount of the expenditure.
- (C) The name and address of the company or individual to whom payment was made.
- (D) The purpose (complete description) of the expenditure.

Note: The Campaign Finance Administrator shall make the final determination of the validity of the documentation provided.

- 4.19 Debts or expenditures incurred after the end of the campaign period shall not be paid for with public matching funds.
- 4.20 Debts or extensions of credit must be documented on the appropriate form (Schedule F-3) of the campaign finance report provided by the Campaign Finance Administrator. They must be reported as of the date they are incurred, not the date invoiced or paid. This includes, but is not limited to, payments to media and campaign consultants, sign printers and other common election vendors.
- 4.21 Joint expenditures. Candidates participating in joint expenditures with other candidates must document each joint expenditure on the appropriate form (Schedule D-7) of the campaign finance report. Expenditures may be made in conjunction with other candidates, but each candidate shall pay their proportionate share of the cost.
- 4.22 Expenditures for consulting, advising, media buys or other such services to a candidate must include a detailed description of what is included in the service and the date the expenditures are incurred by the campaign committee. The date of the expenditure is the date the media buy was contracted, not the date of the first payment.

## **BANKING**

- 4.23 All financial activity must be conducted through a single campaign account of the candidate's campaign committee. All contributions shall be deposited into the campaign account.
- 4.24 The committee must use a vendor licensed to conduct electronic fund transfers in order to accept electronic contributions. The Campaign Finance Administrator must pre-approve any vendor. See section 4.10 for further information regarding acceptance of electronic contributions.
- 4.25 Savings accounts are prohibited.
- 4.26 Deposits must be made within five (5) business days of receipt by the candidate's campaign committee. This includes the treasurer or an agent of the candidate or treasurer.

- 4.27 The committee may have a small petty cash fund up to one hundred dollars (\$100) from which to make purchases. Receipts for purchases must be provided and an accounting must be kept of all petty cash purchases.

## CHAPTER FIVE

### CAMPAIGN FINANCE REPORTING

#### REQUIRED REPORTS

The candidate will be required to file the following reports:

- 5.1 Report to Establish Initial Eligibility: The Statement to Establish Eligibility must be filed no later than fourteen (14) days prior to the end of the campaign period. Upon certification by the Campaign Finance Administrator, a candidate shall be eligible to receive public matching funds.
- 5.2 Request for Public Matching Funds: After eligibility has been established, a candidate may request public matching funds as needed, but no more frequently than once during a calendar week. If the candidate wishes to request public matching funds in between reporting periods, the candidate shall file a Request for Public Matching Funds form with the appropriate contribution schedules attached demonstrating which contributions are to be matched in the current request for funds. **Best efforts documentation must be attached to document any incomplete contributions.**
- 5.3 Pre-Election Report: Prior to each primary, general or special election, a candidate shall submit a campaign finance report including all contributions received and expenditures made since the close of the last report filed as a candidate during the campaign period. The report shall be filed during the time period and in the form specified by the Campaign Finance Administrator.
- 5.4 Post-Election Report: Following each City Candidate election, a candidate shall submit no later than 5 p.m. ten (10) days following the date of the election a Post-Election report covering the period from the closing date of the previous report through the end of the campaign period. The report shall include all expenditures made or expected to be paid.
- 5.5 Close-out Report: The Campaign Finance Administrator will determine the manner in which candidates shall close out their public matching funds reporting cycle. All close-out reporting shall comply with the provisions of Tucson Charter, Chapter XVI, these Rules and Regulations, and State Campaign Finance Statutes (A.R.S. § 16-901, et.seq.) and shall be submitted in the manner established by the Campaign Finance Administrator.
- 5.6 Post-election audits and close-out reporting for successful candidates must be completed before the candidate takes office. All other candidates must complete close-out reporting and terminate their committees no later than 120 days following the canvass of the results

of the election.

5.7 Other reports as may be deemed necessary by the Campaign Finance Administrator.

## **PROVISIONS**

5.8 All reporting under the provisions of Subchapters A and B of Chapter XVI of the Charter shall be on forms prescribed by the Campaign Finance Administrator.

5.9 All reports shall be filed with the Campaign Finance Administrator during regular office hours during the dates specified by the Campaign Finance Administrator.

5.10 The Campaign Finance Administrator shall not accept late filings without accompanying penalty fees as established by state and local laws.

5.11 Campaign finance reports must be signed **under penalty of perjury** by the candidate, chairperson, treasurer and the person who prepared the report, stating that all reports and documentation filed with the Campaign Finance Administrator are true, correct and complete. All signatures must be notarized. If any signatures are missing by 5:00 pm on the day of the deadline, it is considered a ‘failure to file’ pursuant to A.R.S. § 16-918(D.2), or any successor provision.

5.12 All reports must be filed using the proprietary campaign finance computer software that is provided by the Campaign Finance Administrator at no expense to the candidate.

5.13 If a candidate determines that a previously filed campaign finance report contains erroneous information, then the candidate must amend the campaign finance report to provide accurate information within seven (7) business days after discovering the need to amend the report. The report must specifically note what is being amended. An area is available for notes on Page 1 of the amended report summary.

5.14 Campaign treasurers should become familiar with duties and requirements of the position set forth in A.R.S. § 16-904, or its successor provisions. Treasurers are personally liable for carrying out the responsibilities of their position.

5.15 Each contribution from a political committee must be accompanied by the City of Tucson I.D. number of the committee (ending in –CT). The only exception is Standing Committees, which will have a Secretary of State issued I.D. number. A candidate that accepts a contribution from a political committee that is not registered with the City of Tucson is required to contact the committee and advise them to register or return the contribution.

## CHAPTER SIX

### **AUDIT REQUIREMENTS**

- 6.1 A Candidate who has signed a campaign contract must maintain financial records which are current and which conform to guidelines established by the Campaign Finance Administrator.
- 6.2 Records must be sufficiently detailed to substantiate that contributions were received and funds expended. All transactions must be supported by original independent documentation. Records include, but are not limited to, Campaign Finance Reports, contributions and expenditures, including bank records, vouchers, receipts, bills and accounts, journals, ledgers, fundraising solicitation material, accounting systems documentation, and any related materials documenting campaign receipts and disbursements.
- 6.3 A candidate is responsible for maintaining itemized records (by individual contributor and expenditure) and documentation (such as copies of receipts and checks) for all contributions received, including cash and those not eligible for receipt of public matching funds, and all expenditures made. **REMINDER: Candidates must have the original signature of each contributor.**
- 6.4 A candidate's financial records must be made available for review upon one day's notice at a site determined by the Campaign Finance Administrator. The auditor and/or the Campaign Finance Administrator shall have access to all financial records, supporting documentation and any other campaign related records deemed necessary.
- 6.5 The audit to establish initial eligibility to receive public matching funds will take approximately 14 calendar days, provided that the candidate's records are current and conform to guidelines established by the Campaign Finance Administrator. Incomplete or inaccurate reports and/or documentation will result in delay of audit certification – thereby delaying the release of public matching funds.
- 6.6 The Campaign Finance Administrator may consult with the City Attorney to determine appropriate action upon notice by the auditor that the candidate has failed to provide financial records for audit on the date specified by the auditor.

### AUDITS PERFORMED

- 6.7 Audit to determine initial eligibility of the candidate to receive public matching funds. Audit will include information regarding whether the candidate is maintaining campaign records in accordance with guidelines established by the Campaign Finance Administrator and whether the candidate is in compliance with the provisions of Subchapters A and B of Chapter XVI of the Tucson Charter and other appropriate laws specified by the Campaign Finance Administrator.

Audit will also include a statement as to whether, in the opinion of the auditor, the candidate is eligible to receive public matching funds. Final determination of eligibility to receive public matching funds is made by the Campaign Finance Administrator.

- 6.8 Post-campaign period audit.
- 6.9 Other audits may be performed at any time at the discretion of the Campaign Finance Administrator.
- 6.10 The Campaign Finance Administrator will determine the location of the audit. The candidate and/or treasurer will be notified of the location where the campaign records are to be delivered for each audit.

## **CHAPTER SEVEN**

### **DISBURSING PUBLIC MATCHING FUNDS**

- 7.1 The City will disburse public matching funds based upon seventy-five percent (75%) of the preliminary expenditure limits until such time as the final expenditure limitation amount is determined.
- 7.2 Neither loans nor the transfers of anything of value other than money to the candidate or the candidate's campaign committee shall be matched with public funds.
- 7.3 Contributions/loans from the candidate to their own campaign shall not be matched with public funds. This includes personal monies of the candidate. See "Personal Monies," Section 2.28.
- 7.4 Public matching funds shall not be disbursed prior to January 1 of the year in which a candidate election is held.
- 7.5 The candidate shall not request public matching funds for contributions received later than the date of the canvass and declaration of the results of the election by the Mayor and Council.
- 7.6 Public matching funds shall not be disbursed in an amount that exceeds a candidate's qualifying contributions.

### **REQUESTING PUBLIC MATCHING FUNDS**

- 7.7 A candidate who wishes to request public matching funds shall complete the "Request for Public Matching Funds Request Form," attach the required Campaign Finance Report schedules substantiating the contributions to be matched, and file with the Campaign Finance Administrator. Incomplete contributions that do not have Best Efforts documentation attached will not be matched.

- 7.8 All contributions from individuals shall be documented by the full name, address, occupation and employer of each contributor and the date and amount of each contribution.
- 7.9 All contributions require the **original** signature of the contributor either on the check or other monetary instrument, or on original independent documentation such as a contribution card or envelope. Those missing the original signature will not be matched with public funds.
- 7.10 A candidate who is notified of issues that must be resolved will be given 14 calendar days to clear up such issues. Resolution must take place prior to the release of public matching funds.
- 7.11 The City will only match monetary contributions from individual natural persons (not in-kind contributions or loans).
- 7.12 All contributions and expenditures must be supported by original independent documentation. Evidence and campaign records shall be submitted to the auditor in the manner established by the Campaign Finance Administrator.

#### **USE OF PUBLIC MATCHING FUNDS**

- 7.13 A candidate who signs a campaign contract may expend public matching funds only for the candidate's direct campaign expenses such as, but not limited to, purchasing campaign literature or media space or time, mailings, campaign headquarters rent or telephones, or paying for campaign staff salaries.
- 7.14 A candidate who signs a campaign contract may use neither contributions nor public matching funds for indirect campaign purposes such as, but not limited to, providing a candidate's personal support, donating to another's campaign, or making independent expenditures.
- 7.15 Campaigns may spend up to 4% of the final expenditure limit on food during the entire campaign period.

#### **SALARIES TO CAMPAIGN STAFF**

- 7.16 A candidate who signs a campaign contract may expend public matching funds for the payment of salaries to campaign staff.
- (A) Prior to the employment, the candidate and paid staff must sign a contract. Both signatures must be notarized and filed with the Campaign Finance Administrator within ten (10) days.

- (B) The contract must include:
- (I) A fixed amount and terms of payment (may not be contingent upon any funds remaining after the election),
  - (II) Specific dates of employment,
  - (III) Services to be provided under the contract,
  - (IV) Any changes to the terms and/or termination of the contract must be filed with the campaign finance administrator within ten (10) days,
  - (V) No bonus payments will be allowed in any form,
  - (VI) The candidate must keep documentation supporting the payroll with the records of the candidate's campaign committee. Documentation may include invoices for services provided, or contracts for services.
- 7.17 Permissibility of specific expenditures of public matching funds will be determined by the Campaign Finance Administrator. Candidates are encouraged to contact the Campaign Finance Administrator with questions about the appropriate expenditure of campaign funds prior to taking action.

## **CHAPTER EIGHT**

### **POST-ELECTION PROCEDURES**

#### **REFUND TO ELECTION CAMPAIGN ACCOUNT**

- 8.1 A candidate who receives public matching funds and later fails to file for public office or withdraws as a candidate after filing shall, no later than ten (10) days following such event, return to the Campaign Finance Administrator for deposit into the election campaign account an amount equal to the public funds disbursed to that candidate.
- 8.2 If following the election wherein the candidate is elected or defeated, the candidate has unexpended campaign contributions any surplus shall be returned to the election campaign account until the full amount of public matching funds disbursed has been returned. Any remaining unexpended campaign contributions shall be returned to the election campaign account, contributors, or to a non-profit charitable organization. All unexpended campaign contributions must be disbursed no later than the first Monday in December following the election.
- 8.3 Upon receipt of returned funds and determination that the correct amount has been received, the Campaign Finance Administrator will issue a receipt to the candidate verifying the return of funds to the Election Campaign Account.

## **RETURN OF GOODS**

- 8.4 Goods with a value in excess of two hundred dollars (\$200.00) any part of which have been purchased with public matching funds and having a useful life extending beyond the end of the campaign period shall revert to the City.
- 8.5 Upon the determination that there are Goods which are to revert to the City, the Candidate shall deliver such Goods to the City in the manner established by the Campaign Finance Administrator.

## **TERMINATING THE COMMITTEE**

- 8.6 Prior to filing a termination statement the post-election audit must be completed. Upon completion of the post-election audit, all campaign committees must file a termination statement with the Campaign Finance Administrator:
- (A) For those elected, no later than the first Monday in December following the canvass of the results of the election.
  - (B) For all other candidates, no later than 120 days following the canvass of the results of the election.
- 8.7 The committee must file a Termination Statement certifying under penalty of perjury that it will no longer receive any contributions or make any disbursements, that the committee has no outstanding debts or obligations, and that any surplus monies have been disposed of pursuant to A.R.S. § 16-915.01 and these Rules and Regulations.
- 8.8 The committee must also file a Campaign Finance Report stating the manner of disposition of the surplus, the name and address of each recipient of surplus monies, and date and amount of each disposition of surplus monies.
- 8.9 After the filing of the above reports, no subsequent reports are necessary, and no further receipts or disbursements may occur without filing a new Statement of Organization.

## **DISPOSITION OF RECORDS**

- 8.10 All financial records, including but not limited to invoices, receipts, canceled checks and other supporting documentation for all contributions received, including those not eligible for receipt of public matching funds, and all expenditures made must be retained for three (3) years following the last day of the campaign period.

## **CHAPTER NINE**

### **PENALTIES**

- 9.1 A candidate or person who knowingly or intentionally refuses or fails to comply with the provisions of either Subchapter A or Subchapter B of Chapter XVI of the Tucson Charter is guilty of a misdemeanor. If the violation is by a candidate, such candidate's name shall not appear upon the ballot. If the ballot is printed before conviction, the candidate shall be denied the right to hold office if elected.
- 9.2 In addition to other penalties provided for by law, any candidate who fails to comply with the provisions of either Subchapter A or Subchapter B of Chapter XVI of the Tucson Charter or the conditions of a properly executed Campaign Contract shall be ineligible to receive further public matching funds until in compliance.
- 9.3 Any candidate who exceeds the contract expenditure limitation shall immediately return to the appropriate city account three dollars (\$3.00) for each dollar overspent in that election.
- 9.4 If the Campaign Finance Administrator has reason to believe by a preponderance of the evidence that a candidate or a person other than the candidate, such as the campaign treasurer, is not in compliance with the provisions of either Subchapter A or Subchapter B of Chapter XVI of the Tucson Charter or these Rules and Regulations, then the Campaign Finance Administrator may notify the City Attorney, unless another penalty is specifically prescribed in this Chapter.
- (A) The City Attorney may serve on the person an order requiring compliance with that provision. The order shall state with reasonable particularity the nature of the violation and shall require compliance within twenty days from the date of issuance of the order. The alleged violator has twenty days from the date of issuance of the order to request a hearing pursuant to A.R.S., Title 41, Chapter 6.
- (B) If a person fails to take corrective action (or, due to the nature of the violation, no corrective action is available) within the time specified in the compliance order, the City Attorney shall issue an order assessing a civil penalty of not more than \$1,000.00. The person alleged to have violated the compliance order has thirty days from the date of issuance of the order assessing the civil penalty to request a hearing pursuant to A.R.S., Title 41, Chapter 6.
- 9.5 Penalties pursuant to this Chapter shall not be paid for with Public Matching Funds.
- 9.6 Penalties for failure to file campaign finance reports are pursuant to A.R.S. § 16-918.
- 9.7 Any candidate who executes a contract with paid campaign staff and fails to file a copy with the Campaign Finance Administrator shall be liable for a penalty of up to three (3) times the amount paid to the employee in violation of these rules and regulations.

## APPENDIX

Approved by the Mayor and Council  
June 16, 1986

| <u>Date Revised</u> | <u>Purpose</u>  |
|---------------------|---|
| September 26, 1988  | Resolution No. 14624 amending Part 3 of the Rules and Regulations.                      |
| February 11, 1991   | Resolution No. 15579 amending Part 3 - III.E.2.b.                                       |
| January 6, 1993     | Update Part 3 - III.C.1.b. to conform to Charter Amendment effective December 30, 1991. |
| September 26, 1994  | Clerical Updates Part 1 - I, and Part 3 - III.C.1.b.                                    |
| November 7, 1994    | Resolution No. 16747 amending Part 1 and Part 3 of the Rules and Regulations.           |
| October 26, 1998    | Resolution No. 18152 amending Part 1, Part 2 and Part 3 of the Rules and Regulations.   |
| December 11, 2000   | Resolution No. 18791  |
| February 6, 2007    | Resolution No. 20578 amending Part 1 – Section II (L)(N)                                |
| December 7, 2010    | Resolution No. 21664 amending and reformatting the Rules and Regulations.               |
| February 12, 2013   | Resolution No. 22000 amending the Rules and Regulations.                                |
| October 21, 2014    | Resolution No. 22304 amending the Rules and Regulations.                                |
| June 23, 2015       | Resolution No. 22415 amending the Rules and Regulations.                                |
| December 20, 2016   | Resolution No. 22700 amending the Rules and Regulations.                                |