
**ARIZONA
PUBLICITY PAMPHLET**



Propositions to be submitted to the
qualified electors of the State of Arizona
at the

**GENERAL ELECTION
NOVEMBER 4, 1986**

COMPILED AND ISSUED BY

ROSE MOFFORD

Secretary of State

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SECRETARY OF STATE

DEAR ARIZONANS:

A maximum of seven measures will be submitted for your approval or rejection on the November 4, 1986 General Election Ballot. The referendum numbered 301 has not been verified by this office and may or may not appear on the general election ballot, therefore, please review your sample ballot provided by the county and mailed to you approximately 10 days prior to the election to determine if it will be on the ballot. This publicity pamphlet contains the complete text of each measure, a legislative council analysis, arguments for and against, the ballot format containing the official title, descriptive title and the effect of a "yes" and "no" vote, as well as the number by which each proposition will be designated. These items are published pursuant to Section 19-123 Arizona Revised Statutes.

The descriptive titles and the effect of a "yes" vote and the effect of a "no" vote contained within the ballot formats have been revised and approved by the Attorney General, pursuant to Section 19-125, A.R.S.

As mandated by the Federal Voting Rights Act of 1965, amended in 1970, 1975 and 1982, this pamphlet is available in both English and Spanish.

The propositions contained herein represent issues of vital importance to all Arizona voters. I urge you to read carefully each of the measures and the effect a "yes" or "no" vote will have upon them so that you will be ready to fully exercise your right to vote on November 4th. A voter's guide is printed on page 47 to assist you in casting your ballot.

Sincerely,

ROSE MOFFORD
Secretary of State

PROPOSITION 100

OFFICIAL TITLE

HOUSE CONCURRENT RESOLUTION 2007

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO THE CORPORATION COMMISSION; PROVIDING FOR DEFINITION OF PUBLIC SERVICE CORPORATIONS TO INCLUDE CERTAIN TELECOMMUNICATIONS CORPORATIONS; PROVIDING FOR LIMITATION ON TELECOMMUNICATIONS CORPORATIONS AS COMMON CARRIERS SUBJECT TO CONTROL BY LAW; PROVIDING THAT THE CORPORATION COMMISSION SHALL TAKE ACTION ASSURING CERTAIN TELECOMMUNICATION SERVICE; PRESCRIBING TRANSMISSION OF MESSAGES BY CONNECTING CARRIERS; PRESCRIBING EXCEPTION FOR CERTAIN TELECOMMUNICATIONS CORPORATIONS FROM PROPERTY VALUATION REQUIRED BY PUBLIC SERVICE CORPORATIONS, AND AMENDING ARTICLE XV, SECTIONS 2, 3, 9, 10 AND 14, CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. The following amendments of article XV, sections 2, 3, 9, 10 and 14, Constitution of Arizona, are proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

2. "Public service corporations" defined

Section 2. All corporations other than municipal engaged in furnishing gas, oil, or electricity for light, fuel, or power; or in furnishing water for irrigation, fire protection, or other public purposes; or in furnishing, for profit, hot or cold air or steam for heating or cooling purposes; or engaged in collecting, transporting, treating, purifying and disposing of sewage through a system, for profit; ~~or in transmitting messages or furnishing public telegraph or telephone service;~~ AND FROM AND AFTER JANUARY 1, 1987, ALL CORPORATIONS, OTHER THAN MUNICIPAL, PROVIDING TELECOMMUNICATIONS SERVICE AS THE LEGISLATURE PRESCRIBES BY LAW, and all corporations other than municipal, operating as common carriers, shall be deemed public service corporations.

3. Power of commission as to classifications, rates and charges, rules, contracts, and accounts; local regulations

Section 3. The Corporation Commission shall have full power to, and shall, prescribe just and reasonable classifications to be used and just and reasonable rates and charges to be made and collected, by public service corporations within the State for service rendered therein, and SHALL, AS PROVIDED BY LAW, TAKE SUCH ACTION AS IS NECESSARY TO ASSURE THE STATEWIDE AVAILABILITY AND AFFORDABILITY OF TELECOMMUNICATIONS SERVICE AND A STATEWIDE TELECOMMUNICATIONS NETWORK, AND make reasonable rules, regulations, and orders, by which such corporations shall be governed in the transaction of business within the State, and may prescribe the forms of contracts and the systems of keeping accounts to be used by such corporations in transacting such business, and make and enforce reasonable rules, regulations, and orders for the convenience, comfort, and safety, and the preservation of the health, of the employees and patrons of such corporations; Provided, that incorporated cities and towns may be authorized by law to exercise supervision over public service corporations doing business therein, including the regulation of rates and charges to be made and collected by such corporations; Provided further, that classifications, rates, charges, rules, regulations, orders, and forms or systems prescribed or made by said Corporation Commission may from time to time be amended or repealed by such Commission; PROVIDED FURTHER THAT IN THE CASE OF CORPORATIONS, OTHER THAN MUNICIPAL, PROVIDING TELECOMMUNICATIONS SERVICE AS THE LEGISLATURE PRESCRIBES BY LAW, THE COMMISSION SHALL HAVE THE POWER, AS THE LEGISLATURE PRESCRIBES BY LAW, TO ORDER THAT ANY PRODUCT, MARKET, OR SERVICE OF SUCH CORPORATIONS IS NO LONGER SUBJECT TO REGULATION BY THE COMMISSION.

9. Transmission of messages by connecting carriers

Section 9. Every public service corporation engaged in the business of transmitting messages for profit PROVIDING TELECOMMUNICATIONS SERVICES AS PRESCRIBED BY LAW shall receive and transmit, without delay or discrimination, any messages delivered to it by any other public service corporation engaged in the business of transmitting messages for profit; PERSON and shall, with its lines, make physical connection with the lines of any public service corporation engaged in the business of transmitting messages for profit; PERSON under such rules and regulations as shall be prescribed by the Corporation Commission, or by law; Provided, that such public service corporations PROVIDING TELECOMMUNICATIONS SERVICES AS PRESCRIBED BY LAW shall deliver mes-

sages to other such corporations; PERSONS without delay or discrimination, under such rules and regulations as shall be prescribed by the Corporation Commission, or by law.

10. Railways as public highways; other corporations as common carriers

Section 10. Railways heretofore constructed, or that may hereafter be constructed, in this State, are hereby declared public highways and all railroads are declared to be common carriers and subject to control by law. All electric, transmission, telegraph, telephone, or pipeline corporations, for the transportation of electricity, messages, water, oil, or other property for profit, are declared to be common carriers and subject to control by law AND FROM AND AFTER JANUARY 1, 1987 ALL CORPORATIONS, OTHER THAN MUNICIPAL, PROVIDING TELECOMMUNICATIONS SERVICE AS THE LEGISLATURE PRESCRIBES BY LAW, ARE DECLARED TO BE COMMON CARRIERS AND SUBJECT TO CONTROL BY LAW.

14. Value of property of public service corporations

Section 14. The Corporation Commission shall, to aid it in the proper discharge of its duties, ascertain the fair value of the property within the State of every public service corporation doing business therein, EXCEPT FOR TELECOMMUNICATIONS CORPORATIONS AS THE LEGISLATURE PRESCRIBES BY LAW; and every public service corporation doing business within the State shall furnish to the Commission all evidence in its possession, and all assistance in its power, requested by the Commission in aid of the determination of the value of the property within the State of such public service corporation.

**FINAL VOTE CAST BY THE LEGISLATURE ON HCR 2007
(PROPOSITION 100)**

House—Ayes, 35	Senate—Ayes, 16
Nays, 19	Nays, 14
Not Voting, 4	Not Voting, 0
Excused, 2	

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

At the present time, the Arizona Constitution provides that all corporations (except municipal) which are in the business of transmitting messages or furnishing telegraph or telephone service to the public are regulated by the Arizona Corporation Commission. The Commission decides classifications, rates and charges for products and services and regulates all phases of the transaction of business by these companies. The Constitution also requires these corporations to receive and transmit, without delay or discrimination, any messages delivered by other telephone and telegraph companies as prescribed by the Corporation Commission or by law. The Commission decides the value of the property of these companies to aid in discharging the Commission's duties.

Proposition 100 would provide that after January 1, 1987, for corporations that furnish telecommunications (telephone) service, the Arizona Corporation Commission shall have the power, as the State Legislature prescribes by law, to order that any product, market or service of these companies is no longer subject to regulation by the Commission. The determination of what is a corporation providing telecommunications (telephone) service and the extent of the power by the Commission to "deregulate" would be given to the Legislature under this Proposition.

Proposition 100 would also require the Corporation Commission, as provided by law, to take necessary action to assure that telecommunications (telephone) service is available and affordable statewide. This Proposition would continue the requirement that companies receive and transmit messages of other telecommunications (telephone) corporations but would no longer require the Corporation Commission to decide the value of the property of these corporations.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING

PROPOSITION 100

Deregulation of competitive telecommunication (telephone) products and services will build a strong communications industry which is beneficial to Arizona consumers by giving them a wider choice and potentially reducing service costs through greater competition. Proposition 100 combines the best aspects of continued regulation of services controlled by a monopoly with the power to remove unnecessary government interference where free market competition is available.

The current system is strictly set by the Arizona Constitution which not only requires complete regulation of telephone and telegraph companies but also gives all the authority to the Arizona Corporation Commission to control the telecommunications (telephone) industry. Proposition 100 establishes oversight

of this system by the State Legislature and thereby gives voters greater access to more elected state representatives for settling any grievances they may have in the area of telecommunications (telephone) services.

This Proposition assures every citizen of Arizona, whether in cities or remote rural areas, that he will have affordable and available telephone service. In fact, the Legislature has already passed laws that will go into effect at the same time as this Proposition to set up a universal service fund to offset any increased consumer costs that may temporarily result from free competition.

Proposition 100 increases the ability to meet changing circumstances in communications by giving the Corporation Commission the day-to-day authority to regulate or deregulate the changing telecommunications (telephone) field, as necessary. Legislative direction is guaranteed without the creation of any new level of government. This Proposition is the first and most important step to keep Arizona in step with the modern deregulated telecommunications (telephone) industry.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 100

What is being called "deregulation" of telecommunications (telephone) services in this Proposition is not deregulation at all, it is just a shifting of control over these services from the Arizona Corporation Commission to the State Legislature. The power to deregulate is authorized only as allowed by law, and the Legislature can give whatever power to the Commission it chooses. Also, the definition of telecommunications (telephone) services is left to the Legislature, a part-time body which is removed from the everyday needs and complex problems of the communications industry. Because the laws controlling regulation would be made by the Legislature, a small handful of highly paid lobbyists who represent only the needs of giant companies would have too much influence in decisions that affect all of us.

Proposition 100 will not reduce basic telephone service costs or promote competition for major telephone services. The few companies that have decided that they can afford to be in this business provide almost identical service, often with no big differences in service costs. This proposition does not change this.

The legislative proposal for a universal service fund to support rural areas of this state if competition drives telephone rates up is actually a "tax" of up to 1% on telephone bills for all of the state's telephone users to pay as a result of deregulation.

Based on the economic interests affected by Proposition 100 and the unknown results of the shift in control over telecommunications (telephone) services to the Legislature, more in-depth study of the issues is necessary to avoid the possibly destructive results of removing regulation from the certainty of the Arizona Constitution to the uncertainty of the political process. If Proposition 100 passes it would not be in the interests of the Arizona ratepayers.

ARGUMENT "FOR" PROPOSITION 100

Vote Yes on Proposition 100 to Assure Fair Competition.

Proposition 100 will solve a real problem in Arizona's communications industry—unfair competition.

Our state constitution totally regulates every aspect of some local communications companies. Nearly every product and service they provide is controlled—when it can be introduced, where it can be introduced, how much it can cost.

Other communications companies, particularly foreign-owned companies, aren't regulated at all. They can offer any product, at any price at, any time.

And Arizona's consumers ultimately lose because real competition is limited.

Our local companies don't need, and deserve, unfair advantages to compete. They do need, and deserve, fair rules so they can have the same chance as foreign competitors.

Proposition 100 makes the rules fair. And when the competition's fair, everyone wins.

Dan Danilewicz
President
Arizona World Trade Association

Marshall Geer
Vice President for Academic Affairs
American Graduate School of
International Management

Reed Roberts
President
Communications Workers of America—AFL-CIO
Local 7019

ARGUMENT "FOR" PROPOSITION 100

Proposition 100 ends the non-competition in the telecommunications industry by creating guidelines that are fair and equal for everyone. It creates a truly competitive environment. And we think it's about time.

Fair competition is an American tradition—an essential element of the way we do business. Arizonans have always been strong believers in that tradition. Given a fair and equal chance, we know we can succeed and thrive.

In the communications industry, however, that competitive spirit has been quiet for too many years. A snag in our state constitution prevents real competition because some companies are totally regulated and others aren't regulated at all. And that often means some aren't allowed to compete and others don't really have to.

We're the real losers because we get none of the benefits of fair, tough competition.

Unnecessary regulation, and unfair competition, keep prices inflated and inhibit the development of new products and services. That's especially unfortunate in the telecommunications industry because of the vast amount of new technology—technology Arizonans could miss out on without competition.

Proposition 100, on the other hand, promotes new products, more choices, improved services, and better pricing. In short, all the consumer advantages of real competition.

At that same time, Proposition 100 constitutionally assures all Arizonans will have affordable basic telephone service.

With this sensible plan, we will realize the full benefits of technological advances and still protect basic telephone service. Vote Yes on Proposition 100.

Senator Jacque Steiner
Chairman, Commerce and Labor Committee
Arizona State Senate

John Huerta
Chief Executive Officer
FRA International

Dennis Van Roekel
President
Arizona Education Association

Homer Lane
Retired Broadcaster

ARGUMENT "FOR" PROPOSITION 100

For Arizona's senior population, telephone service isn't a luxury; it's a fundamental need. For many of us, it's our only link with the outside world. In an emergency, having telephone service can be the difference between life or death.

Many seniors live on fixed or limited incomes and the prospect of steadily increasing monthly bills is of great concern. Some of us fear we won't be able to afford telephone service and will lose a vital lifeline.

Proposition 100 helps solve many of our concerns. It assures that affordable telephone service will always be available to all Arizonans. It makes these assurances a part of the constitution so we'll always be protected.

At the same time, Proposition 100 encourages competition in the communications industry where it will be most beneficial. Protection and the benefits of competition—that's something we can all support.

Senator Carl Kunasek
Chairman, Health and Welfare Committee
Arizona State Senate

Gene Pangrazi
Arizona Council on Senior Citizens

Marian Bauhs
Former First Vice Chairperson
State Democratic Party

ARGUMENT "FOR" PROPOSITION 100

Proposition 100 offers protection for consumers and better products and services through increased competition.

Change in the telephone industry is inevitable. It started before the break-up of AT & T, and now affects our local service. As consumers, we have to make sure the changes work for us, not against us.

Proposition 100 is a good step in the right direction. It assures, in the constitution, that our basic phone service will be available and affordable. The Corporation Commission will still regulate basic service.

As important, Proposition 100 stimulates fair competition where it benefits us most—and a competitive marketplace has always been the consumer's best friend.

With the affordability of our basic service constitutionally assured, continued regulatory protection where appropriate, and increased competition, Proposition 100 makes sure that future changes in the communications industry benefit Arizona's consumers.

With this sensible road map, Arizona will share in the benefits of changing and improving technology. We cannot take the risk of being left behind. Vote **Yes** on Proposition 100.

Mildred Jones, President
Maricopa County Chapter
National Association for the Advancement
of Colored People (NAACP)

Esther Tang
Vice President
Pima Council on Aging
Tucson, Arizona

Jannie Cox
Member, Residential Utilities
Consumer Office (RUCO)
Advisory Board
Tucson, Arizona
Vice President Community Affairs
Carondelet Health Services, Inc.
Tucson

Mel Hannah
Member, Residential Utilities
Consumer Office (RUCO)
Advisory Board
Flagstaff, Arizona

ARGUMENT "FOR" PROPOSITION 100

Telephone service is no longer a luxury and we must take steps to guarantee services to all Arizonans at a price we can afford to pay.

Proposition 100, made necessary by the many changes in telephone service at the Federal level, will provide for an updating of the laws regulating communications carriers and, further, will introduce fair competition to the industry. Proposition 100 will give the Arizona Corporation Commission the authority to phase-in market regulation and to control the introduction of proven competitive products and services.

This approach of increasing competition, together with assurances for the availability and affordability of telephone service throughout Arizona, has my support and merits your favorable consideration.

Bruce Babbitt
Governor

ARGUMENT "AGAINST" PROPOSITION 100

Proposition 100 is on the ballot because Mountain Bell slipped it through the legislature with a slick, behind-the-scenes lobbying campaign. Few legislators had more than a foggy notion as to what they were voting on. Now Arizona's voters are being asked to buy the same pig in a poke.

If approved, Proposition 100 will amend the State Constitution so as to transfer much of the Corporation Commission's regulatory authority over telecommunications (including telephone service) to the state legislature. This is a bad idea for several reasons.

The authors of the Arizona Constitution could have given the legislature the power to regulate utilities. They didn't, but instead created a constitutionally independent Corporation Commission to insulate the regulatory process from political influence. Proposition 100 seeks to dismantle this constitutional arrangement without any compelling reason for doing so, other than the wishes of Mountain Bell.

The legislature is neither willing nor able to exercise effective oversight in this complex area. It doesn't have the expertise, the staff or (since it meets four months a year) the time to do the job right. Mountain Bell lobbyists will be there to take up the slack and, in practice, Proposition 100 will mean deregulation on Mountain Bell's terms.

Proposition 100 will preserve Mountain Bell's monopoly over residential telephone service, while cutting most of its other operations free from Corporation Commission regulation and scrutiny. The all too real danger is that revenues from "captive" residential customers will be used to subsidize Mountain Bell's unregulated business ventures.

Further deregulation of telecommunications may be desirable. But to be equitable, any such deregulation must take into consideration the consequences for all those who will be affected. Proposition 100, drafted by Mountain Bell lobbyists to serve Bell interests, isn't the way to go. It should be defeated.

John Anderson, Executive Director
Common Cause of Arizona

BALLOT FORMAT

PROPOSITION 100		
PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE		
OFFICIAL TITLE		
HOUSE CONCURRENT RESOLUTION 2007		
A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO THE CORPORATION COMMISSION; PROVIDING FOR DEFINITION OF PUBLIC SERVICE CORPORATIONS TO INCLUDE CERTAIN TELECOMMUNICATIONS CORPORATIONS; PROVIDING FOR LIMITATION OF TELECOMMUNICATIONS CORPORATIONS AS COMMON CARRIERS SUBJECT TO CONTROL BY LAW; PROVIDING THAT THE CORPORATION COMMISSION SHALL TAKE ACTION ASSURING CERTAIN TELECOMMUNICATION SERVICE; PRESCRIBING TRANSMISSION OF MESSAGES BY CONNECTING CARRIERS; PRESCRIBING EXCEPTION FOR CERTAIN TELECOMMUNICATIONS CORPORATIONS FROM PROPERTY VALUATION REQUIRED BY PUBLIC SERVICE CORPORATIONS, AND AMENDING ARTICLE XV, SECTIONS 2, 3, 9, 10 AND 14, CONSTITUTION OF ARIZONA.		
DESCRIPTIVE TITLE		
AMENDING ARIZONA CONSTITUTION REQUIRING THE CORPORATION COMMISSION, AS PROVIDED BY LAW, TO ASSURE THAT TELECOMMUNICATIONS (TELEPHONE) SERVICES ARE AVAILABLE AND AFFORDABLE STATEWIDE. LEGISLATURE SHALL DETERMINE WHICH TELECOMMUNICATION CORPORATIONS WILL HAVE THEIR FAIR VALUE ASCERTAINED BY THE CORPORATION COMMISSION AND WHICH PRODUCTS, MARKETS AND SERVICES OF SUCH CORPORATIONS THE COMMISSION MAY REMOVE FROM REGULATION.		
PROPOSITION 100		
A "yes" vote shall have the effect of authorizing the Corporation Commission to reduce regulation of some telecommunication services and assure statewide available and affordable telephone service, using procedures and definitions prescribed by the Legislature.	YES	→
A "no" vote shall have the effect of keeping the requirement that the Corporation Commission regulate all telephone and telegraph services.	NO	→

PROPOSITION 101

OFFICIAL TITLE

SENATE CONCURRENT RESOLUTION 1003

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PROVIDING FOR ANNUAL INCREASES IN THE AGGREGATE EXPENDITURE LIMITATION FOR SCHOOL DISTRICTS, AND AMENDING ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. The following amendment of article IX, section 21, Constitution of Arizona, is proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

21. Expenditure limitation; school districts and community college districts; adjustments; reporting

Section 21. (1) The economic estimates commission shall determine and publish prior to April 1 of each year the expenditure limitation for the following fiscal year for each community college district. The expenditure limitations shall be determined by adjusting the amount of expenditures of local revenues for each such district for fiscal year 1979-1980 to reflect the changes in the student population of each district and the cost of living. The governing board of any community college district shall not authorize expenditures of local revenues in excess of the limitation prescribed in this section, except in the manner provided by law.

(2) The economic estimates commission shall determine and publish prior to May 1 of each year the aggregate expenditure limitation for all school districts for the following fiscal year. The aggregate expenditure limitation shall be determined by adjusting the total amount of expenditures of local revenues for all school districts for fiscal year 1979-1980 to reflect the changes in student population in the school districts and the cost of living, AND MULTIPLYING THE RESULT BY 1.10. The aggregate expenditures of local revenues for all school districts shall not exceed the limitation prescribed in this section, except as provided in subsection (3) of this section.

(3) Expenditures in excess of the limitation determined pursuant to subsection (2) of this section may be authorized for a single fiscal year upon affirmative vote of two-thirds of the membership of each house of the legislature.

(4) As used in this section:

(a) "Cost of living" means either:

(i) The price of goods and services as measured by the implicit price deflator for the gross national product or its successor as reported by the United States department of commerce, or its successor agency.

(ii) A different measure or index of the cost of living adopted at the direction of the legislature, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the legislature. Such measure or index shall apply for subsequent fiscal years, except it shall not apply for the fiscal year following the adoption of such measure or index if the measure or index is adopted after March 1 of the preceding fiscal year.

(b) "Expenditure" means any amounts budgeted to be paid from local revenues as prescribed by law.

(c) "Local revenues" includes all monies, revenues, funds, property and receipts of any kind whatsoever received by or for the account of a school or community college district or any of its agencies, departments, offices, boards, commissions, authorities, councils and institutions, except:

(i) Any amounts or property received from the issuance or incurrence of bonds, or other lawful long-term obligations issued or incurred for a specific purpose, or any amounts or property collected or segregated to make payments or deposits required by a contract concerning such bonds or obligations. For the purpose of this subdivision long-term obligations shall not include warrants issued in the ordinary course of operation or registered for payment; by a political subdivision.

(ii) Any amounts or property received as payment of dividends and interest, or any gain on the sale or redemption of investment securities, the purchase of which is authorized by law.

(iii) Any amounts or property received by a school or community college district in the capacity of trustee, custodian or agent.

(iv) Any amounts received as grants and aid of any type received from the federal government or any of its agencies except school assistance in federally affected areas.

(v) Any amounts or property received as grants, gifts, aid or contributions of any type except amounts received directly or indirectly in lieu of taxes received directly or indirectly from any private agency or organization, or any individual.

(vi) Any amounts received from the state for the purpose of purchasing land, buildings or improvements or constructing buildings or improvements.

(vii) Any amounts received pursuant to a transfer during a fiscal year from another agency, department, office, board, commission, authority, council or institution of the same community college or school district which were included as local revenues for such fiscal year or which are excluded from local revenue under other provisions of this subsection.

(viii) Any amounts or property accumulated by a community college district for the purpose of purchasing land, buildings or improvements or constructing buildings or improvements.

(ix) Any amounts received in return for goods or services pursuant to a contract with another political subdivision, school district, community college district or the state and expended by the other political subdivision, school district, community college district or the state pursuant to the expenditure limitation in effect when the amounts are expended by the other political subdivision, school district, community college district or the state.

(x) Any amounts received as tuition or fees directly or indirectly from any public or private agency or organization or any individual.

(xi) Any ad valorem taxes received pursuant to an election to exceed the limitation prescribed by section 19 of this article or for the purposes of funding expenditures in excess of the expenditure limitations prescribed by subsection (7) of this section.

(xii) Any amounts received during a fiscal year as refunds, reimbursements or other recoveries of amounts expended which were applied against the expenditure limitation for such fiscal year or which were excluded from local revenues under other provisions of this subsection.

(d) For the purpose of subsection (2) of this section, the following items are also excluded from local revenues:

(i) Any amounts received as the proceeds from the sale, lease or rental of school property as authorized by law.

(ii) Any amounts received from the capital levy as authorized by law.

(iii) Any amounts received from the acquisition, operation, or maintenance of school services of a commercial nature which are entirely or predominantly self-supporting.

(iv) Any amounts received for the purpose of funding expenditures authorized in the event of destruction of or damage to the facilities of a school district as authorized by law.

(e) "Student population" means the number of actual, full-time or the equivalent of actual full-time students enrolled in the school district or community college district determined in a manner prescribed by law.

(5) The economic estimates commission shall adjust the amount of expenditures of local revenues in fiscal year 1979-1980, as used to determine the expenditure limitation pursuant to subsections (1) and (2) of this section, to reflect subsequent transfers of all or any part of the cost of providing a governmental function, in a manner prescribed by law. The adjustment provided for in this subsection shall be used in determining the expenditure limitation pursuant to subsections (1) and (2) of this section beginning with the fiscal year immediately following the transfer.

(6) The economic estimates commission shall adjust the amount of expenditures of local revenues in fiscal year 1979-1980, as used to determine the expenditure limitation pursuant to subsection (1) of this section, to reflect any subsequent annexation, creation of a new district, consolidation or change in the boundaries of a district, in a manner prescribed by law. The adjustment provided for in this subsection shall be used in determining the expenditure limitation pursuant to subsection (1) of this section beginning with the fiscal year immediately following the annexation, creation of a new district, consolidation or change in the boundaries of a district.

(7) The legislature shall establish by law expenditure limitations for each school district beginning with the fiscal year beginning July 1, 1980. Expenditures by a school district in excess of such an expenditure limitation must be approved by a majority of the electors voting on the excess expenditures.

(8) The legislature shall establish by law a uniform reporting system for districts to insure compliance with this section. The legislature shall establish by law sanctions and penalties for failure to comply with this section.

(9) This section is not effective for any community college district until the fiscal year beginning July 1, 1981.

(10) Subsections (2), (3), (5) and (6) of this section do not apply to school districts until the fiscal year beginning July 1, 1981.

**FINAL VOTE CAST BY THE LEGISLATURE ON SCR 1003
(PROPOSITION 101)**

House—Ayes, 45
Nays, 12
Not Voting, 3

Senate—Ayes, 19
Nays, 8
Not Voting, 3

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 101 would amend article IX, section 21 of the State Constitution to raise the limit on school district spending by 10%. In 1980 the voters approved Proposition 109 which established a limit on the amount school districts could spend. The spending limit for school districts restricts total spending by all districts in Arizona rather than being a restriction on individual school districts. Each year a new limit is calculated by starting with the base limit established for fiscal year 1979-1980. This base limit is adjusted to reflect the changes between the base year and the relevant year in student population and cost of living. After the base limit is adjusted, Proposition 101 would further adjust the new limit by increasing it by 10%.

In fiscal year 1981-1982 the constitutional limit on total school district spending was \$1.128 billion and school districts budgeted \$1.111 billion for spending. In fiscal year 1985-1986 the constitutional limit on total school district spending was \$1.560 billion and school districts budgeted \$1.553 billion for spending.

If Proposition 101 passes the constitutional limit on total school district spending in fiscal year 1987-1988 is estimated to increase to \$1.910 billion. If Proposition 101 does not pass the current constitutional limit on total school district spending in fiscal year 1987-1988 is estimated to increase to \$1.736 billion.

Proposition 101 only changes the total spending limit. Authority by state law is necessary before individual school districts can budget any additional money based on the increase. The Legislature did pass legislation this year which only becomes effective on passage of this Proposition to provide for use of some of the increase for statewide participation by school districts in a career ladder program for teachers and additional money for teacher salaries.

**LEGISLATIVE COUNCIL ARGUMENTS FAVORING
PROPOSITION 101**

In 1980 voters took the first step by placing a limit on spending by school districts. However, because of a number of economic, legal and other factors, the limit is now unrealistically low. Expenditures by all school districts in this state for the last fiscal year were only 1/2 of 1% below the constitutional limit. Unless the limit is changed, school districts will find it difficult to establish needed educational programs and school districts may have to cut back on budgets and programs they have already adopted for the current fiscal year.

The spending limit approved by the voters in 1980 only took into account general increases in student population and the cost of living, therefore limiting the schools in the 1980's to the old cost factors and programs of the 1970's. Since the limit was set, national and state reviews of educational problems have identified needs for new and better existing programs such as an emphasis on early grades, math and science and job training skills. Investments in better educational programs now may save tax money in the future that would otherwise have to be spent for welfare and prisons as a result of a poorly educated population.

The Legislature has encouraged school districts to start some badly needed programs but can do no more because of the constitutional limit on school spending. We need to raise teachers' salaries to attract and keep well qualified teachers who are now going into better paying professions. We must increase the constitutional limit so that we can better educate our children.

An investment in education is an investment in our future.

**LEGISLATIVE COUNCIL ARGUMENTS OPPOSING
PROPOSITION 101**

In 1980 Arizona voters overwhelmingly approved controlling spending by school districts by placing a limit on the spending. School districts require more property taxes than any other level of government in this state. In addition to these property taxes, the state also spends over one billion dollars on education. Raising the limit may raise your taxes.

The state spends more than 60% of its budget for education and this Proposition allows more spending of both state and local tax money by school districts. We can only afford so much tax money for education. More money does not necessarily mean better schools. The school districts can manage their money better and must learn to live within their means, just like we have to do.

The constitutional limit on school spending approved by the voters in 1980 took into account increases in student population and increases in the cost of living. The limit has been in effect only five years, and the school districts have never gone over the limit. There simply is no reason or need to increase that limit now. If school districts wish to start new programs or expand old ones, they can find the money by removing old programs that don't work.

A limit is a limit. School districts want to ignore it. The voters set a limit on school district spending to end government's blank check drawn on people's earnings and to reduce the pressure on school districts from special interest groups and employees to fund new programs, expand existing programs and increase salaries. If this Proposition passes, teachers' associations will have won the battle and laws will become effective which allow school districts to spend the extra money to increase teachers' salaries.

ARGUMENT "FOR" PROPOSITION 101

**STATEMENT IN FAVOR OF INCREASING THE CONSTITUTIONAL
AGGREGATE EXPENDITURE LIMIT**

As an organization which addresses children's educational needs, we urge a "yes" vote on Proposition 101.

Proposition 101 would permit an increase in the Constitutional Aggregate Spending Limit. This limit was created in 1980 and impedes the combined spending of all school districts. When the combined spending rises above the constitutional limit, the State Board of Education is required by law to force all school districts to reduce their budgets by an amount set by the State Board.

School district expenses include cost of materials, supplies, utilities, insurance, and salaries. The rapid rise in these costs over the past five years is causing the combined spending limit to be reached much faster than originally expected. By approving an increase in this limit, school districts will be better able to meet necessary expenses, improve the quality of teaching and provide salaries that will attract and keep the brightest and best teachers for our schools.

With the approval of Proposition 101, school districts will be able to continue vital educational programs, including arts, athletics, band and other extra curricular activities. Our students deserve a quality, well-rounded education.

In order to improve our educational standards, the combined spending limit must be raised to recognize current economic realities and to enable us to provide our students a quality education in the years ahead.

Your "yes" vote for Proposition 101 will create the constitutional authority needed to address these issues today.

Dr. Elizabeth L. Toth, Executive Director
Greater Phoenix Educational Management Council

ARGUMENT "FOR" PROPOSITION 101

PROPOSITION 101 PRO STATEMENT

There have been few propositions offered for voter approval more important for the future of Arizona than Proposition 101. The future of Arizona will be in the hands of today's students, and Arizona must put forth its maximum effort to achieve excellence in education. Arizona's future lifestyle, economy, and achievements are dependent on the quality of our public education system.

Proposition 101 will provide the capacity for funding for bold advances in education. It will permit the state to retain and attract more and better educational leaders, teachers, and support personnel. It will permit Arizona to retain its best educators for the students of the state instead of losing them to more financially rewarding careers. It will permit our children to have the best in textbooks, supplies, and educational programs designed for the future. Proposition 101 will allow today's children to more easily reach their potential.

Proposition 101 is an investment in the future of Arizona.

VOTE YES!

Raymond S. Kellis, President
Arizona School Administrators, Inc.

ARGUMENT "FOR" PROPOSITION 101**PROPOSITION 101 PRO STATEMENT**

Local school boards believe that Arizona deserves the best schools in the country. We can have them only if the current Aggregate Spending Limit, which sets school funding at 1979 levels, is adjusted upward. We can have the best education system in the country if Arizona voters make education their number one priority by voting yes on Proposition 101.

School boards want to maintain and expand programs that prepare students for their roles in Arizona tomorrow—programs like basic literacy, special help for primary-grade children, computer familiarity, free textbooks, and substance abuse prevention. Intensive efforts are also required to reduce the drop-out rates in our schools. To ensure that Arizona students take their rightful places in our state as responsible and well-informed citizens and workers, school boards must address their needs now.

We can do that, in part, by hiring and keeping the best teachers available. However, we, like school districts across the country, face an impending shortage of qualified teachers. Arizona districts must compete for new teachers with states that are contributing ever greater amounts for beginning teacher salaries. In a very short time, our recruitment efforts simply won't be competitive, because the Aggregate Spending Limit keeps Arizona's Legislature from substantially improving salaries for both beginning teachers as well as for high performing experienced teachers.

Voting yes on Proposition 101 will allow local school boards to do a better job of readying today's youth for the future. Make education our state's number one priority. Vote yes on Proposition 101.

Virginia Tinsley, President
Arizona School Boards Association

ARGUMENT "FOR" PROPOSITION 101**PROPOSITION 101 PRO STATEMENT**

Our public schools need room to grow. Voting "yes" on Proposition 101 gives Arizona's education system the financial "breathing room" it needs to meet all students' needs and our state's future employment requirements. A healthy economy depends on a healthy system of public education. In fact, Arizona can only be as good as its schools. Good schools must be able to focus on developing basic skills in its youngest students, to maintain safe and well-disciplined learning environments for all children, to reward outstanding teachers, to prevent and reduce student drop-outs, and to hire enthusiastic, dedicated new teachers. Our schools can be as good as they're meant to be if the current Aggregate Spending Limit is revised. That Limit forces our schools to be funded at 1979 levels. Proposition 101 provides the opportunity for Arizona education to look forward, instead of backward, and to more adequately prepare today's young people for productive lives in the 21st century. That's what education is all about—preparing for the future. Vote yes for today's youth and their tomorrows. Vote yes on Proposition 101.

Mary Belle McCorkle, Ed. D.
President
Tucson Administrators, Inc.

ARGUMENT "FOR" PROPOSITION 101**PROPOSITION 101 PRO STATEMENT**

If the State of Arizona is to provide educational improvements in the coming years, Proposition 101 must be approved. There currently is an Arizona law that limits spending for education to a certain percentage of Arizona's total expenditure formula. The only way now that the limit can be increased is through inflation or increased student enrollment. This means that schools can only remain at status quo.

Arizona deserves better for its children. Proposition 101 will increase by 10 percent the ability of the State to support education, but even this small upward adjustment can make a big difference for our children.

More and better teachers can be hired. We can pay more attractive salaries. Important programs for our children can be expanded, such as special attention to the early learning needs of students in Kindergarten - third grades, dropout prevention, and computer literacy. Such benefits as free textbooks, safe facilities, and adequate teaching supplies can be ensured. Without approval of Proposition 101, these same programs may be reduced or even eliminated.

Proposition 101 has the support of Governor Babbitt. It has the support of the Superintendent of Public Instruction, Carolyn Warner. It has the support of many Arizona business people because they know that the most important part of any business is the employee. And most important, it has the support of the people who have committed their lives to education—school board members, school administrators, and teachers.

Join all of us who support a strong public education system in voting Yes for Proposition 101.

Dennis Van Roekel, President
Arizona Education Association

ARGUMENT "FOR" PROPOSITION 101**PROPOSITION 101 PRO STATEMENT**

As citizens of Arizona who are actively involved in our children's education and knowledgeable about our public schools, we urge you to approve Proposition 101.

Education is the only public service that so rigorously demands constant attention to the future if it is to be successful. In meeting the needs of children today, educators must anticipate their needs of tomorrow. As parents, we look ahead, too. We ask if the State is adequately supporting our schools today to ensure that our children will have the skills and knowledge they'll need tomorrow. Under this state's present constitutional spending limitation for education, the answer is no. That limit ties school funding to the past, not the future, but Proposition 101 will allow our schools to move forward and, thus, our children as well.

If we want the best teachers for our children, we must be able to pay them salaries that are competitive with those of business and industry. If we want to make sure that our children master the basic skills, we must see that they receive concentrated attention. If we want improved discipline in our schools, we must first reduce classroom overcrowding. If we want our children to stay in school, then we must expect our schools to offer educational programs that have staying power.

While school districts and the State Legislature try to fulfill these expectations, they have gone as far as they can until Proposition 101 is approved. The Legislature has concurred with Governor Babbitt by putting this proposition on the ballot. Every school district in the state supports it. Tell them you agree, as we in the PTA have, that education in Arizona must be allowed to move forward. Tell them you agree, as we are, by voting Yes on Proposition 101.

Naida Rector, President
Arizona Congress of Parents and Teachers

ARGUMENT "FOR" PROPOSITION 101**PROPOSITION 101 PRO STATEMENT**

I'm voting Yes on Proposition 101 because the students in our public schools deserve a stronger commitment from us to their education. Amending the Aggregate Expenditure Limit for schools is a no-cost way to demonstrate our belief that upgrading education is the key to the continued vitality of our state.

Employers deserve the assurance that when they hire graduates of Arizona schools they are hiring literate, responsible people. Keeping our state economy healthy requires our schools to produce graduates who are ready and able to work or to continue their education.

To offer such assurance means that our schools have to do an even better job than they are now. Fortunately, those who educate our children do want to do an even better job of it. They want classes that are small enough to provide personal attention by the teacher and to reduce discipline problems. (Only seven states have more crowded classrooms than Arizona.) They want to make high school available to more students by continuing to provide free textbooks. They want to give young children the best start possible in school. They want to attract and keep the most able teachers.

Proposition 101 gives us the chance to tell educators that we're willing to back their efforts to improve our schools, that we know the quality of our future depends on the quality of their work with our children now.

Vote yes for a strong educational system. Vote Yes for Proposition 101.

State Senator Alan J. Stephens, District 6

ARGUMENT "AGAINST" PROPOSITION 101

Vote NO on Proposition 101 - WHY?

Proposition 101 has several flaws that require one to reject its validity. For example:

1. One major problem related to this proposition is its tie to a major teaching philosophy "Mastery Learning" and "Mastery Teaching" that has produced a nation of many ineffective teachers and poor readers. SB 1292 and SB 1384 become effective if Proposition 101 passes. Both bills are tied to

this proposition and deal with merit pay and teacher evaluation. The teacher evaluations now being promoted in Arizona deal with the Mastery Learning, Master Teacher philosophy. Noted researchers and educators call these methods and theories "fifty years of barren results in education."

- The request for expenditure was a political act and was made without the basis of a proper needs assessment. It has roots in the false logic of "more money means better education" when in fact it probably means more of the same inadequate education with a higher price tag.

Ann Herzer, M.A.

ARGUMENT "AGAINST" PROPOSITION 101

In 1980 the voters of Arizona approved a tax reform package. Primarily it dealt with the funding of education and the equalization of funding between rich and poor school districts. Also it set an aggregate spending limit on all schools which could only be increased by two factors, inflation and higher student enrollment. It has worked as planned.

Proposition 101 is not the first attempt to bypass the tax reform package, but it is certainly the largest. It would raise the aggregate limit by 10% or \$174 million. The establishment claims that additional funds are needed to raise teachers' salaries to the national average. According to the National Center for Education Information in its 1984 survey recently released, Arizona's teachers are right at the national average. Further, that survey found that teachers in public and private schools preferred their 9 or 10 month contracts to 12 month contracts offering more money.

Will higher salaries do a better job of educating our children? Two thirds of the state budget already goes for education. We taxpayers have been supplying more money each year for the past twenty years, yet the quality of education has gone down. Obviously more money is not the answer. Making better use of that money might do the job. Reducing bloated high-salaried administrative staffs, eliminating some of the more frivolous courses and cutting back on the expensive sports programs are some viable alternatives.

The Citizens Tax Committee urges you to vote "NO" on Proposition 101. It is not the answer to the problems of education in Arizona. Proposition 101 can only raise your taxes.

Citizens Tax Committee, Inc.

Roy Lietz
President
William Turner
Secretary

Carl Dry
Executive Director
Paul Wedepohl
Treasurer

ARGUMENT "AGAINST" PROPOSITION 101

In 1980, the voters of Arizona overwhelmingly approved placing a constitutional spending limit on schools. It was a very liberal limit and took into consideration both inflation and student growth. Now, barely six years later, the teachers' union wants to substantially raise that limit and increase our taxes.

The citizens of Arizona have been more than generous in their support of public schools. From fiscal year 1979-80 through fiscal year 1984-85, student population increased by only 2.8% yet maintenance and operation expenditures increased by 63.1% according to financial figures from the Arizona Department of Education.

An increase in the aggregate spending limit is not necessary as patrons of a school district have the ability under present law to approve an override election when they wish to provide additional support for their school district. Instead, passage of Proposition 101 will increase the budget capacity of our school systems by more than 350 million dollars in the first two years alone.

Without the basic educational reforms, money alone will not improve our schools. If you wish to pay substantially higher taxes with no improvement in student achievement, you should support Proposition 101. If you do not want higher taxes, you should vote NO.

Representative Jim Skelly
Chairman, House Judiciary Committee

ARGUMENT "AGAINST" PROPOSITION 101

Passage of this proposition will only result in higher taxes. There's no assurance that it will improve the quality of education offered by our public schools.

Right now over half of our state budget goes to education and about half of our local property taxes goes to our public schools.

This proposition is based on the false premise that more money will improve our public schools. The record clearly shows that the more money we pour into our public school system the poorer the quality of education.

Our public schools don't need more money. What they need to do is make better use of the money they now get. That could be done readily by cutting the fat from administrative overhead and reducing the number of fluff and trivial courses now offered by our schools.

Businesses have been doing that for years now and have found that such cuts invariably lead to improved performance. There's good reason to believe that if our public schools do the same they will get the same favorable results.

Most of the increased tax money from Proposition 101 will go to increasing state aid for raising teacher pay. Teacher pay is properly a local function. The state should stay out of that area. Besides, Arizona teachers are fairly well paid. For 1985-1986, the average Arizona teacher pay was \$24,680 which comes to \$137 per day for a 180-day work year.

In short, passage of the proposition will result in higher taxes with no assurance that the quality of public education will be improved.

I urge a NO vote on Proposition 101.

Robert W. Samz, Ph.D.

BALLOT FORMAT

PROPOSITION 101		
PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE		
OFFICIAL TITLE		
SENATE CONCURRENT RESOLUTION 1003		
A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PROVIDING FOR ANNUAL INCREASES IN THE AGGREGATE EXPENDITURE LIMITATION FOR SCHOOL DISTRICTS, AND AMENDING ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA.		
DESCRIPTIVE TITLE		
AMENDING ARIZONA CONSTITUTION PROVIDING FOR AN INCREASE IN SCHOOL EXPENDITURE LIMITATIONS BY 10 PERCENT.		
PROPOSITION 101		
A "yes" vote shall have the effect of raising school district spending limits by 10 percent.	YES	➔
A "no" vote shall have the effect of continuing current limitations on school district spending.	NO	➔

PROPOSITION 102

OFFICIAL TITLE

SENATE CONCURRENT RESOLUTION 1017

A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PROVIDING FOR ELECTIONS TO PERMANENTLY ADJUST POLITICAL SUBDIVISION EXPENDITURE LIMITATION BASE LIMITS AT A REGULARLY SCHEDULED ELECTION FOR THE NOMINATION OR ELECTION OF THE MEMBERS OF THE GOVERNING BOARD OR AT A GENERAL ELECTION; REMOVING OBSOLETE TEXT, AND AMENDING ARTICLE IX, SECTION 20, CONSTITUTION OF ARIZONA.

TEXT OF PROPOSED AMENDMENT

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. The following amendment of article IX, section 20, Constitution of Arizona, is proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

20. Expenditure limitation; adjustments; reporting

Section 20. (1) The economic estimates commission shall determine and publish prior to April 1 of each year the expenditure limitation for the following fiscal year for each county, city and town. The expenditure limitations shall be determined by adjusting the amount of actual payments of local revenues for each such political subdivision for fiscal year 1979-1980 to reflect the changes in the population of each political subdivision and the cost of living. The governing board of any political subdivision shall not authorize expenditures of local revenues in excess of the limitation prescribed in this section, except as provided in subsections (2), (6) and (9) of this section.

(2) Expenditures in excess of the limitations determined pursuant to subsection (1) of this section may be authorized as follows:

(a) Upon affirmative vote of two-thirds of the members of the governing board for expenditures directly necessitated by a natural or man-made disaster declared by the governor. Any expenditures in excess of the expenditure limitation, as authorized by this paragraph, shall not affect the determination of the expenditure limitation pursuant to subsection (1) of this section in any subsequent years. Any expenditures authorized pursuant to this paragraph shall be made either in the fiscal year in which the disaster is declared or in the succeeding fiscal year.

(b) Upon the affirmative vote of seventy percent of the members of the governing board for expenditures directly necessitated by a natural or man-made disaster not declared by the governor, subject to the following:

(i) The governing board reducing expenditures below the expenditure limitation determined pursuant to subsection (1) of this section by the amount of the excess expenditure for the fiscal year following a fiscal year in which excess expenditures were made pursuant to this paragraph; or

(ii) Approval of the excess expenditure by a majority of the qualified electors voting either at a special election held by the governing board or at a regularly scheduled election for the nomination or election of the members of the governing board, in the manner provided by law. If the excess expenditure is not approved by a majority of the qualified electors voting, the governing board shall for the fiscal year which immediately follows the fiscal year in which the excess expenditures are made, reduce expenditures below the expenditure limitation determined pursuant to subsection (1) of this section by the amount of the excess expenditures. Any expenditures in excess of the expenditure limitation, as authorized by this paragraph, shall not affect the determination of the expenditure limitation pursuant to subsection (1) of this section in any subsequent years. Any expenditures pursuant to this paragraph shall be made either in the fiscal year in which the disaster occurs or in the succeeding fiscal year.

(c) Upon affirmative vote of at least two-thirds of the members of the governing board and approval by a majority of the qualified electors voting either at a special election held by the governing board in a manner prescribed by law, or at a regularly scheduled election for the nomination or election of the members of the governing board. Such approval by a majority of the qualified electors voting shall be for a specific amount in excess of the expenditure limitation, and such approval must occur prior to the fiscal year in which the expenditure limitation is to be exceeded. Any expenditures in excess of the expenditure limitation, as authorized by this subdivision, shall not affect the determination of the expenditure limitation pursuant to subsection (1) of this section, in subsequent years.

(3) As used in this section:

(a) "Base limit" means the amount of actual payments of local revenues for fiscal year 1979-1980 as used to determine the expenditure limitation pursuant to subsection (1) of this section.

(b) "Cost of living" means either:

(i) The price of goods and services as measured by the implicit price deflator for the gross national product or its successor as reported by the United States department of commerce or its successor agency;

(ii) A different measure or index of the cost of living adopted at the direction of the legislature, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the legislature. Such measure or index shall apply for subsequent fiscal years, except it shall not apply for the fiscal year following the adoption of such measure or index if the measure or index is adopted after March 1 of the preceding fiscal year.

(c) "Expenditure" means any authorization for the payment of local revenues.

(d) "Local revenues" includes all monies, revenues, funds, fees, fines, penalties, tuitions, property and receipts of any kind whatsoever received by or for the account of a political subdivision or any of its agencies, departments, offices, boards, commissions, authorities, councils and institutions, except:

(i) Any amounts or property received from the issuance or incurrence of bonds or other lawful long-term obligations issued or incurred for a specific purpose, or collected or segregated to make payments or deposits required by a contract concerning such bonds or obligations. For the purpose of this subdivision long-term obligations shall not include warrants issued in the ordinary course of operation or registered for payment, by a political subdivision.

(ii) Any amounts or property received as payment of dividends or interest, or any gain on the sale or redemption of investment securities, the purchase of which is authorized by law.

(iii) Any amounts or property received by a political subdivision in the capacity of trustee, custodian or agent.

(iv) Any amounts received as grants and aid of any type received from the federal government or any of its agencies.

(v) Any amounts received as grants, aid, contributions or gifts of any type except amounts received directly or indirectly in lieu of taxes received directly or indirectly from any private agency or organization or any individual.

(vi) Any amounts received from the state which are included within the appropriation limitation prescribed in section 17 of this article.

(vii) Any amounts received pursuant to a transfer during a fiscal year from another agency, department, office, board, commission, authority, council or institution of the same political subdivision which were included as local revenues for such fiscal year or which are excluded from local revenue under other provisions of this section.

(viii) Any amounts or property accumulated for the purpose of purchasing land, buildings or improvements or constructing buildings or improvements, if such accumulation and purpose have been approved by the voters of the political subdivision.

(ix) Any amounts received pursuant to section 14 of this article which are greater than the amount received in fiscal year 1979-1980.

(x) Any amounts received in return for goods or services pursuant to a contract with another political subdivision, school district, community college district or the state, and expended by the other political subdivision, school district, community college district or the state pursuant to the expenditure limitation in effect when the amounts are expended by the other political subdivision, school district, community college district or the state.

(xi) Any amounts expended for the construction, reconstruction, operation or maintenance of a hospital financially supported by a city or town prior to January 1, 1980.

(xii) Any amounts or property collected to pay the principal of and interest on any warrants issued by a political subdivision and outstanding as of July 1, 1979.

(xiii) Any amounts received during a fiscal year as refunds, reimbursements or other recoveries of amounts expended which were applied against the expenditure limitation for such fiscal year or which were excluded from local revenues under other provisions of this subsection.

(xiv) Any amounts received collected by the counties for distribution to school districts pursuant to state law.

(e) "Political subdivision" means any county, city or town. This definition applies only to this section and does not otherwise modify the commonly accepted definition of political subdivision.

(f) "Population" means either:

(i) The periodic census conducted by the United States department of commerce or its successor agency, or the annual update of such census by the department of economic security or its successor agency.

(ii) A different measure or index of population adopted at the direction of the legislature, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the legislature. Such measure or index shall apply for subsequent fiscal years, except it shall not apply for

the fiscal year following the adoption of such measure or index if the measure or index is adopted after March 1 of the preceding fiscal year.

(4) The economic estimates commission shall adjust the base limit to reflect subsequent transfers of all or any part of the cost of providing a governmental function, in a manner prescribed by law. The adjustment provided for in this subsection shall be used in determining the expenditure limitation pursuant to subsection (1) of this section beginning with the fiscal year immediately following the transfer.

(5) The economic estimates commission shall adjust the base limit to reflect any subsequent annexation, creation of a new political subdivision, consolidation or change in the boundaries of a political subdivision, in a manner prescribed by law. The adjustment provided for in this subsection shall be used in determining the expenditure limitation pursuant to subsection (1) of this section beginning with the fiscal year immediately following the annexation, creation of a new political subdivision, consolidation or change in the boundaries of a political subdivision.

(6) Any political subdivision may adjust the base limit by the affirmative vote of two-thirds of the members of the governing board or by initiative, in the manner provided by law, and in either instance by approval of the proposed adjustment by a majority of the qualified electors voting at a regularly scheduled election for the nomination or election of the members of the governing board OR AT A GENERAL ELECTION. The impact of the modification of the expenditure limitation shall appear on the ballot and in publicity pamphlets, as provided by law. Any adjustment pursuant to this subsection; of the base limit shall be used in determining the expenditure limitation pursuant to subsection (1) of this section beginning with the fiscal year immediately following the approval, as provided by law.

(7) The legislature shall provide for expenditure limitations for such special districts as it deems necessary.

(8) The legislature shall establish by law a uniform reporting system for all political subdivisions or special districts subject to an expenditure limitation pursuant to this section to insure compliance with this section. The legislature shall establish by law sanctions and penalties for failure to comply with this section.

(9) Subsection (1) of this section does not apply to a city or town which at a regularly scheduled election for the nomination or election of members of the governing board of the city or town adopts an expenditure limitation pursuant to this subsection different from the expenditure limitation prescribed by subsection (1) of this section. The governing board of a city or town may by a two-thirds vote provide for referral of an alternative expenditure limitation or the qualified electors may by initiative, in the manner provided by law, propose an alternative expenditure limitation. In a manner provided by law, the impact of the alternative expenditure limitation shall be compared to the impact of the expenditure limitation prescribed by subsection (1) of this section, and the comparison shall appear on the ballot and in publicity pamphlets. If a majority of the qualified electors voting on such issue ~~vote~~ VOTES in favor of the alternative expenditure limitation, such limitation shall apply to the city or town. If more than one alternative expenditure limitation is on the ballot and more than one alternative expenditure limitation is approved by the voters, the alternative expenditure limitation receiving the highest number of votes shall apply to such city or town. If an alternative expenditure limitation is adopted, it shall apply for the four succeeding fiscal years. Following the fourth succeeding fiscal year, the expenditure limitation prescribed by subsection (1) of this section shall become the expenditure limitation for the city or town unless an alternative expenditure limitation is approved as provided in this subsection. If a majority of the qualified electors voting on such issues ~~vote~~ VOTES against an alternative expenditure limitation, the expenditure limitation prescribed pursuant to subsection (1) of this section shall apply to the city or town, and no new alternative expenditure limitation may be submitted to the voters for a period of at least two years. If an alternative expenditure limitation is adopted pursuant to this subsection, the city or town may not conduct an override election provided for in section 19, subsection (4) of this article, during the time period in which the alternative expenditure limitation is in effect.

(10) This section does not apply to any political subdivision until the fiscal year immediately following the first regularly scheduled election ~~after July 1, 1980~~ for the nomination or election of the members of the governing board of such political subdivision, except that a political subdivision, prior to the fiscal year during which the spending limitation would first become effective, may modify the expenditure limitation prescribed pursuant to subsection (1) of this section, by the provisions prescribed by subsections (2) and (6) of this section, or may adopt an alternative expenditure limitation pursuant to subsection (9) of this section.

A county may conduct a special election to exceed the expenditure limitation prescribed pursuant to subsection (1) of this section for the fiscal years 1982-1983 and 1983-1984, on the first Tuesday after the first Monday in November in 1981.

(11) "City", as used in this article, means city or charter city.

**FINAL VOTE CAST BY THE LEGISLATURE ON SCR 1017
(PROPOSITION 102)**

House—Ayes, 53	Senate—Ayes, 28
Nays, 0	Nays, 1
Not Voting, 7	Not Voting, 1

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

The State Constitution places limits on the amount of "local revenues" a city, town or county may spend each year. The actual amount the city, town or county is allowed to spend is determined by making certain allowed adjustments, using a base spending limit as a starting point.

If the city, town or county government feels that the expenditure limitation (spending limit) imposed by the State Constitution is too restrictive, it may ask the voters for more spending flexibility in one of two ways:

- (1) A "permanent adjustment" (generally an increase) in the base spending limit, or
- (2) An "alternative expenditure limitation" for cities and towns.

Proposition 102 makes one change in the election process to approve a permanent adjustment to the base spending limit as described in (1) above. (Proposition 102 makes no change in the "alternative expenditure limitation" process described in (2) above.) Currently a permanent adjustment may be proposed only at elections for nominating or electing the city, town or county officers. These elections take place every four years for counties and some cities and towns. Proposition 102 would allow permanent adjustments to the base spending limit to also be proposed at any statewide general election, which take place every two years.

The effect of Proposition 102 is, therefore, to allow cities, towns and counties more opportunities to propose permanent adjustments to their base spending limits.

Proposition 102 makes a few other technical changes to article IX, section 20 of the State Constitution to correct grammatical mistakes and to remove old deadlines that no longer apply.

**LEGISLATIVE COUNCIL ARGUMENTS FAVORING
PROPOSITION 102**

Keeping local governments financially healthy is one of the most difficult tasks local officials face. No matter how carefully they act to control local spending, conserve revenues and balance their budgets, there is simply no way to guarantee that hard times or unforeseen emergencies will not occur. Indeed, the thing that is most foreseeable is that unforeseen problems will arise.

In a time of restraints on expanding governments the citizens of Arizona have wisely set limits on the power of government to spend public money. The limits, while beneficial, are at times, too strict and apply whether or not a local government is financially sound or faces an emergency situation. The past few years have seen a parade of local governments request the State Legislature to bail them out of financial trouble. Responsible officials and citizens understand that local governments must have the ability to seek local solutions to local financial problems. That is why the Legislature overwhelmingly approved submitting Proposition 102 to the voters, with only one vote against it.

Proposition 102 will not allow local officials to change spending limits by themselves. It simply allows more frequent opportunities for local adjustments to government spending limits which must be approved by the voters before they go into effect. Any proposed change in the local spending limit would still be presented to the local voters with arguments and analyses to justify the change. If there is an unexpected financial problem which can be solved through an adjustment to the local base spending limit, Proposition 102 allows a more appropriate and earlier opportunity for local relief than is currently provided.

**LEGISLATIVE COUNCIL ARGUMENTS OPPOSING
PROPOSITION 102**

Proposition 102 is really a scheme for spending more tax money. As it now exists, the State Constitution requires local governments to ask the voters to approve increases in base spending limits. In the six

years that local governments have had to ask for approval the voters have granted approval many more times than they have denied it. Now local government wants to go to the "public well" more often. Based on past experience it will result in approval of more local spending authority.

In actual practice it is difficult for the average voter to analyze proposals for government spending increases. It is often hard to understand the complex numbers, tables and charts produced by government accountants and financial experts to support the request for more spending. The news media have a hard time explaining the issued in detail. Organized opposition seldom develops. The voter cannot, therefore, make an informed choice but instead must vote according to his dislike of government spending in general or place his blind trust in the local government that wants to spend more money.

Local governments will continue to get into financial trouble until they accept the spending limits that the votes have imposed on public spending. There is a tremendous pressure from bureaucrats and special interests to increase government spending. Proposition 102 reflects the pressure to spend more and, if approved, will weaken the constitutional spending controls placed on local government.

BALLOT FORMAT

PROPOSITION 102	
<p>PROPOSED AMENDMENT TO THE CONSTITUTION BY THE LEGISLATURE</p> <p>OFFICIAL TITLE</p> <p style="text-align: center;">SENATE CONCURRENT RESOLUTION 1017</p> <p>A CONCURRENT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA RELATING TO PUBLIC DEBT, REVENUE, AND TAXATION; PROVIDING FOR ELECTIONS TO PERMANENTLY ADJUST POLITICAL SUBDIVISION EXPENDITURE LIMITATION BASE LIMITS AT A REGULARLY SCHEDULED ELECTION FOR THE NOMINATION OR ELECTION OF THE MEMBERS OF THE GOVERNING BOARD OR AT A GENERAL ELECTION; REMOVING OBSOLETE TEXT, AND AMENDING ARTICLE IX, SECTION 20, CONSTITUTION OF ARIZONA.</p>	
<p>DESCRIPTIVE TITLE</p> <p>AMENDING ARIZONA CONSTITUTION ALLOWING POLITICAL SUBDIVISIONS TO PERMANENTLY ADJUST EXPENDITURE LIMITATIONS BASE LIMITS AT ANY STATEWIDE GENERAL ELECTION.</p>	
PROPOSITION 102	
<p>A "yes" vote shall have the effect of allowing a political subdivision to ask its voters at statewide general elections every two years to permanently adjust expenditure limitation bases.</p>	<p>YES →</p>
<p>A "no" vote shall have the effect of requiring political subdivisions to ask voters to permanently adjust limitation bases only at elections for city, town or county officers, which for many jurisdictions is every four years.</p>	<p>NO →</p>

PROPOSITION 103

OFFICIAL TITLE

AN INITIATIVE MEASURE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF ARIZONA RELATING TO REGULATION OF PUBLIC HEALTH, SAFETY AND WELFARE; DEFINING AND GUARANTEEING RIGHT TO SEEK MONETARY DAMAGES IN CASES OF INJURY OR DEATH; AUTHORIZING LEGISLATION WITH RESPECT TO AMOUNTS PAYABLE FOR DAMAGES OTHER THAN MONETARY DAMAGES; PAYMENT PLANS TO PROVIDE FOR ALL FUTURE DAMAGES AND CONTINUING CARE; LIMITS ON ATTORNEYS' FEES AND COSTS PAYABLE FROM DAMAGE AWARDS; PRESCRIBING APPLICATION OF AMENDMENT TO OTHER PROVISIONS OF THE CONSTITUTION, AND AMENDING ARTICLE XXVII, CONSTITUTION OF ARIZONA, BY ADDING SECTION 2.

TEXT OF PROPOSED AMENDMENT

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

The following amendment to Article XXVII, Constitution of Arizona, by adding Section 2, is proposed to become valid when approved by a majority of the qualified electors voting thereon and upon proclamation of the Governor:

Section 1. Article XXVII, Constitution of Arizona, is amended by adding Section 2, to read:

§ 2. Damages

SECTION 2. THIS CONSTITUTION GUARANTEES THE RIGHT TO SUE TO RECOVER PAST AND FUTURE MONETARY DAMAGES IN CASES OF INJURY OR DEATH. "MONETARY DAMAGES" MEANS REASONABLE EXPENSES OF NECESSARY MEDICAL CARE AND RELATED SERVICES, LOST EARNINGS AND A LOSS OR DECREASE IN FUTURE EARNINGS.

THE LEGISLATURE IS AUTHORIZED TO ESTABLISH THE FOLLOWING:

- A. AMOUNTS TO BE PAID FOR ALL DAMAGES OTHER THAN MONETARY DAMAGES;
- B. PAYMENT PLANS TO PROVIDE FOR FUTURE MONETARY AND OTHER DAMAGES AND FOR CONTINUING CARE OF THE INJURED; AND
- C. LIMITS ON AMOUNTS OF ATTORNEYS' FEES AND COSTS WHICH MAY BE PAID OUT OF DAMAGE AWARDS.

IN CASES OF INJURY OR DEATH, THIS SECTION GOVERNS OVER ALL OTHER CONSTITUTIONAL SECTIONS AND STATUTES EXCEPT PROVISIONS WHICH DEAL WITH WORKMEN'S COMPENSATION LAW.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

At the present time, the Arizona Constitution contains two sections which prohibit statutory limitations on damages awarded a person for injury or death. This Proposition guarantees the right of people to sue for full "monetary" damages but empowers the Legislature to do all of the following:

1. Limit the amount to be paid for all damages other than past and future monetary damages. Monetary damages are defined as the reasonable expenses of medical care and related services, lost earnings and a decrease in the ability to earn. The Legislature could not limit these types of damages under the Proposition but could limit the nonmonetary damages. The most common types of nonmonetary damages are damages awarded for pain and suffering and punitive damages, which are those damages awarded as punishment for grossly negligent or intentional conduct.
2. Arrange damage awards on a payment plan basis for future monetary and other damages and continuing care of an injured person.
3. Set limits on the amount of attorney fees and costs which may be paid out of damage awards.

Proposition 103 specifically excludes workmen's compensation cases only.

**LEGISLATIVE COUNCIL ARGUMENTS FAVORING
PROPOSITION 103**

There has been a growing trend in recent years of outrageously high monetary damage awards in personal injury cases. As a result many businesses which are considered "high-risk" by insurance companies cannot find liability insurance at affordable rates and some cannot obtain insurance at all. These include such businesses as restaurants, day-care centers, sports facilities and stores of all types. Many businesses are being forced to close because they cannot obtain insurance coverage, while for others the coverage is so expensive that customers are paying much higher prices to cover the cost of insurance. School districts and local governments are also finding it difficult to obtain and pay for liability insurance.

This has created an insurance crisis in this state. Allowing the Legislature to limit damages awarded for "pain and suffering", to allow insurance companies to pay awards in installments and to limit attorney fees will help limit increasing insurance costs and rates and make insurance available to all.

Proposition 103 still guarantees the right to sue for monetary damages including necessary medical care and any lost earnings, past or future. Proposition 103 only authorizes the Legislature to limit amounts awarded that go beyond monetary damages. Usually these nonmonetary damages are awarded for "pain and suffering", a complex concept which cannot be easily measured. The Proposition does not do away with damages received for pain and suffering, it just authorizes a limit to be placed on them.

Limiting the amounts that lawyers receive for handling damage claims is long overdue. Limiting attorney fees will help discourage the filing of unfounded damage claims, will encourage settlement of more damage claims and will still allow the injured person to be fairly compensated for damages without an unfairly large part of the award (often one-third or more) going to a lawyer.

**LEGISLATIVE COUNCIL ARGUMENTS OPPOSING
PROPOSITION 103**

The so-called insurance crisis is a manufactured crisis by an insurance industry that wants higher profits. Any financial downturn they may be experiencing is a result of poor management and their own fault. Now these huge multi-million dollar corporations want to make innocent injured parties, who may be disabled for life or killed through someone else's negligence, and the injured party's family suffer even more by limiting what a jury would otherwise reasonably award them.

For more than half a century, the Constitution of Arizona has wisely protected the rights of the injured person to unlimited damages therefore guaranteeing that an injured person will get everything to which a jury of his peers finds that the person is reasonably entitled.

Many people may not want to accept a damage award in installments as proposed by this Proposition, but would prefer to receive a lump-sum amount to invest or do with as they wish. This is their money, and they should not be forced to receive it a little at a time, while an insurance company makes money investing the remainder.

Allowing the Legislature to put a limit on how much attorneys may charge may cause attorneys to reject injury cases that are time consuming, difficult to prove or potentially low in the amount of money recoverable. This may leave many injured victims who have complex or smaller claims without an attorney and, as a result, without any hope of getting the compensation to which they are entitled.

The Arizona Constitution should remain as it is; there should be no artificial limits on a jury compensating for the "pain and suffering" a permanently disabled child must endure for the rest of his life or for a family's loss of a parent or child through wrongful death.

ARGUMENT "FOR" PROPOSITION 103

Vote YES on Proposition 103

The lawsuit liability crisis is out of control.

More and more lawsuits are being filed. People are receiving windfall awards that bear little relationship to actual damages. And, people who truly need and deserve help have to give their attorneys too much of what they're entitled to just to get into court.

This runaway lawsuit liability system is changing our daily lives—day care centers have had to fill in their swimming pools, schools cannot afford to hire needed teachers, nurse midwives and doctors have quit delivering babies. All because of a system that quit delivering justice a long time ago.

President Reagan has recommended changes in the lawsuit liability system, and changes are being discussed in nearly every state in the Union.

But change here in Arizona is blocked by constitutional provisions adopted 75 years ago. Arizona is one of only four states that have such restrictions.

Proposition 103 constitutionally guarantees that what is important for us to protect stays protected—the ability to sue to recover actual economic damages such as present and future medical expenses and lost wages or earning ability.

But Proposition 103 also allows action in three specific areas. It will permit:

- * Guidelines or limitations on the amount an attorney can take away from an award intended for an injured victim.
- * Guidelines or limitations on non-economic damages like punitive awards and pain and suffering.
- * Damage awards to be paid out over time as losses actually occur, rather than in one huge lump sum.

Proposition 103 protects what is important to protect—the right to sue to recover actual economic damages. But it also allows the lawsuit system to be fixed where it's clearly broken.

Return sanity to our lawsuit system. Vote YES on Proposition 103.

Robert L. Burns, Acting President
Arizona Assoc. for Child Care Management

Andra Schreier
Chairman, Citizens for Fair and Sensible
Liability Laws
President, Arizona Certified Nurse Midwives

Don Chambers, Vice President
Arizona Chamber of Commerce

ARGUMENT "FOR" PROPOSITION 103

The lawsuit crisis in Arizona affects nearly every aspect of our lives: the prices we pay for consumer goods, the services we can obtain, even the way we spend our leisure time. That's why we need Proposition 103.

- * Thirty percent of Arizona's rural obstetricians have quit delivering babies because of the lawsuit threat.
- * Many leisure activities like horseback riding, Colorado River raft trips—even Little League baseball and public parkground activities—have been threatened or severely curtailed.
- * Arizona day care centers, because of the threat of lawsuits, have been ordered to fill in and disable their swimming pools. It means water safety programs will be discontinued despite the fact that drowning is the leading cause of accidental death in Arizona children four and under.
- * Even some of the most basic consumer goods have been affected. Thirty percent of the cost of a stepladder, for example, is now attributed to coverage against lawsuits.

It's crazy. But Proposition 103 will restore some sanity to the system and help get us back on the right track.

Proposition 103 guarantees our right to collect any real monetary losses in the event of injury or death, but allows reasonable limits to be placed on non-monetary awards like punitive damages and pain and suffering.

It also allows caps to be placed on the amount of money a lawyer can take from an award intended for a victim and will allow for more sensible scheduled payments over time instead of huge lump-sum awards. So a victim will have the money needed when it's really needed.

We are all the victims of an out of control lawsuit system and it's time we take the needed action to restore justice and sanity. And preserve the choices we have as consumers.

Proposition 103 gives us back our lawsuit system. Vote YES on Proposition 103.

Neil O. Ward, MD
President
Arizona Medical Assoc.
Patricia DuBick
Executive Director
Hemophilia Assoc., Inc.

Becky White
Valley of the Sun Assoc.
for Education of Young Children

ARGUMENT "FOR" PROPOSITION 103

We need Proposition 103 because our lawsuit system is out of control.

- * An Arizona motorcyclist, who had been drinking, drives down the wrong side of the highway and collides head-on with a small pick-up truck. He sues the motorcycle manufacturer and collects \$3.5 million.
- * An Arizona man, driving a boat recklessly, falls out and is run over by his own boat. He sues and gets \$9 million.
- * A woman undergoes a CAT-scan, and sues the hospital for more than \$1 million, claiming the CAT-scan has erased her psychic powers.

Clearly, the lawsuit system is dangerously out of control when people no longer have to take responsibility for their own actions and bizarre claims result in financial windfalls.

Proposition 103

Proposition 103 will restore fairness and justice to the lawsuit system while preserving those elements which truly protect us.

Proposition 103 guarantees our right to sue to collect any real monetary losses, like medical expenses and lost or reduced wages.

But it will also allow us to stop the offensive rip-offs which now occur in the lawsuit system by permitting guidelines and limits for non-economic awards like punitive damages and pain and suffering. And Proposition 103 will let us set reasonable caps on lawyer contingency fees so they won't be able to take huge portions of awards intended for deserving victims.

Propositions 103 protects our rights and offers a fair solution to the imbalance in our lawsuit system. Vote YES for fair and sensible laws.

Jamie L. Rizer
Executive Director
A.C.E.A.
Mary Christianson
Executive Director
Upward Foundation

Tom Collier
Executive Director
Amigos
William J. Hodges, Jr.
President
Arizona Society of C.P.A.'s

ARGUMENT "FOR" PROPOSITION 103

Everyone is affected by the lawsuit liability mess.

Businesses, doctors and midwives, community organizations . . . every segment of our society has been hit.

But perhaps the biggest victim of all is us, the taxpayer.

Because government is all of us, it has the deepest pockets of all—our pockets.

And deep pockets—someone who can pay a huge award—is the first thing a lawyer looks for.

As a result, all levels of government—school districts, cities, counties—are increasingly the target of lawsuits. The real target is you and me—the taxpayers.

When government pays, we all pay eventually, in the form of reduced services or increased taxes.

Proposition 103 offers taxpayers some protection while guaranteeing the rights of victims to sue to recover actual economic damages.

Proposition 103 allows guidelines or limits on non-economic damages and allows awards to be paid out over time when the money is really needed, rather than in one huge lump sum.

Additionally, Proposition 103 allows a limit on the amount of an award intended for victims that could be taken by their lawyer.

Proposition 103 strikes a careful balance between guaranteeing the ability of injured victims to sue for real economic damages, while allowing changes to protect the rest of us as taxpayers.

Representative James B. Ratliff
Chairman, House Ways & Means Committee
Arizona House of Representatives
Melvin Morris
Executive Director
Arizona Tax Research Association

Senator S.H. "Hal" Runyan
Chairman, Senate Appropriations Committee
Arizona State Senate

ARGUMENT "FOR" PROPOSITION 103

Arizona's lawsuit system has become an out-of-control lottery in which the only real winners are the contingency fee lawyers. They're the fuel which drives the lawsuit crisis because they actually receive a piece of the action—the bigger the award demanded, the more the lawyer stands to make.

The results are often appalling:

* A Tucson policeman is paralyzed in an accidental shooting and is awarded more than \$3 million. Money he needed and deserved. But of the first \$1.5 million payment, he received only \$455,000 and his lawyers got nearly \$1 million.

* An Arizona couple received a \$2 million settlement to care for their brain-damaged son. But of the first \$250,000 payment, the boy didn't get one cent. \$225,000 went to the lawyers and the rest to the mother on a claim unrelated to the child.

It's no wonder the contingency fee lawyers are opposed to Proposition 103, the constitutional amendment which will help resolve the lawsuit crisis in Arizona. They're more than willing to take 40%—or more—of awards intended to care for injured victims.

The lawsuit lawyers have a lot at stake. One Arizona law firm has handled 41 cases with verdicts or settlements in excess of \$1 million. That's just one firm!

We know why the lawsuit lawyers oppose Proposition 103. Because it allows reasonable limits to be set on lawyer contingency fees so when we're injured, we can actually expect to receive most of the money a jury says we deserve.

Proposition 103 guarantees our most important rights and will help keep the contingency fee lawyers away from the money we need and deserve.

Let's restore fairness to the lawsuit system by voting YES on Proposition 103.

Terry Smalley
Managing Director
Arizona Motor Transport Assn.
Marty Jacobs
Arizona Small Business Association

Kirby Garrett
State Director
National Federation of Independent Business

ARGUMENT "FOR" PROPOSITION 103

Proposition 103 offers a sensible solution to a runaway lawsuit liability crisis.

The lawsuit liability crisis is affecting the way we work, live, and play. Every day there is a new story about huge verdicts for strange claims, businesses that cannot obtain lawsuit insurance, or public services being cut back because of liability concerns.

The lawsuit lawyers want us to believe that all of this is exclusively the fault of the insurance companies; that the lawsuit system is entirely blameless.

They are half right. The insurance industry is partly to blame, and insurance reform is necessary.

Unfortunately, given the tactics used by the insurance industry in states that have enacted meaningful insurance reform, making these companies accountable may have to be done on a national level.

Meanwhile, we can do something about the runaway lawsuit system here in Arizona by passing Proposition 103. It was put on the ballot by the victims of both the insurance industry and the lawsuit system.

No one but the trial lawyers believe the lawsuit system doesn't need to be changed.

Nationally, during the last 20 years the number of awards exceeding \$1 million has increased from one a year to more than one a day. The number of cases filed in Maricopa County alone has increased by 8,000 in just the last five years.

The only people who truly benefit from this lawsuit lottery are the lawsuit lawyers themselves.

The truth is that all of us are victims of both the insurance industry and the lawsuit system, just like the people who put Proposition 103 on the ballot. We need to fix both.

Proposition 103 allows us to fix what is wrong about the lawsuit system while guaranteeing our ability to sue to recover actual economic damages. It deserves our support.

Mark Minter, Executive Director
Associated General Contractors

Denise Labricque
Independent Living Specialist
Arizona Bridge to Independent Living

Ron Duncan
General Manager
Los Olivos Resort Hotel

ARGUMENT "FOR" PROPOSITION 103

Proposition 103 is a carefully balanced proposal to ensure that injured victims have their real economic needs taken care of for life, while allowing the excesses in the lawsuit liability system to be corrected.

With Proposition 103, those injured by the actions of another will still be guaranteed the right to sue. Juries will still decide what injured parties are entitled to recover.

With respect to actual economic damages, such as present and future medical expenses and lost or reduced wages, Proposition 103 guarantees that no limits will be allowed on what an injured party can recover. Ever.

Actual economic damages can be based on fact and real evidence. Other damages, such as punitive damages and pain and suffering, are more speculative. We are asking juries to place a value on something without giving them anything on which to base their decision.

As a result, decisions in these areas are often arbitrary and inconsistent. And that's one of the main causes of the problems in the lawsuit system today.

Proposition 103 corrects this problem by allowing guidelines or limits for these kinds of awards.

Another problem in the lawsuit liability system is that awards are usually made in one huge lump sum. This is a drain on economic resources and doesn't always provide for the long-term care of the injured.

Proposition 103 solves that problem by allowing awards to be paid out over time, as the losses and expenses occur—when the victims really need the money. That makes more sense.

Finally, Proposition 103 allows a limit on attorney contingency fees, so injured victims don't have to give away too much of their award just to get into the courtroom.

Proposition 103 is a reasonable, balanced, and fair solution to a growing problem.

Vote YES on Proposition 103.

Donald E. Umlah, PhD.
Executive Director
Jane Wayland Center

Greg McFarland
Executive Director
Arizona Dental Association

Jim Haynes
President and General Manager
Phoenix Metropolitan Chamber of Commerce

ARGUMENT "AGAINST" PROPOSITION 103

Proposition 103 is one of the worst proposals ever placed on the ballot in the entire history of the State of Arizona. Since pioneer days, our rights as citizens to collect fair and just damages when wrongfully injured or maimed have been guaranteed by the Constitution and this ill conceived measure—backed by vested special interest groups—will negate those fundamental rights which the framers of our Constitution held dear and which were overwhelmingly ratified by the early citizens of Arizona.

This Proposition will deny to all Arizonans their right to just redress and will substitute the political expediency of the Legislature for the traditional wisdom of the jury system where jurors have access to specific facts.

As citizens, we've been bombarded with fallacious propaganda telling us that the insurance industry is facing a dire financial crisis and is literally on the brink of disaster but an analysis of the facts conclusively proves otherwise.

In a report delivered to Congress on April 28, 1986, using figures supplied by the insurance industry itself, the United States General Accounting Office reported that the property/casualty industry "had a net gain of about \$75 billion" from 1976 through 1985 and "our calculations, made from industry estimates, indicate an expected net gain before taxes of more than \$90 billion over the years 1986-1990." Yet we are being asked to support a proposal which even the proponents admitted during legislative committee hearings would not reduce insurance premiums by even one penny.

As citizens of Arizona, we have a golden opportunity to cast a resounding NO vote against those who would tamper with our Constitutional rights. Proposition 103 is the epitome of special interest legislation.

Representative Jim Skelly
Chairman, House Judiciary Committee

ARGUMENT "AGAINST" PROPOSITION 103

FAIR BALLOT STATEMENT

This proposal takes away basic citizens' rights in order to help private interests. It offers no benefit to the people of Arizona; it aids the already wealthy insurance industry.

Its sponsors have been misled by insurance companies into believing that it will make liability insurance less expensive and more available. It won't.

The proposal will allow individuals and companies which injure someone to limit the amount they must pay. Drunk drivers, toxic waste polluters, negligent manufacturers, all would gain added protection for their wrongdoing.

Worse, payment schedules could be set by the state legislature, subject to all the political and lobbying pressures which special interests can bring to bear.

Insurance companies mismanaged their businesses by selling high risk policies at low cost premiums. They did this in order to get more cash to place in high interest investments, when interest rates were high. Now that rates have dropped, they're in a squeeze. But they want to make you and us pay for their poor planning.

Insurance companies should be subject to the same free market rules as everyone else. We shouldn't have to give up important rights in order to bail them out. Vote "No" on Proposition 103.

Phyllis Rowe, President
Arizona Consumers Council

Thomas Aranda, Jr.
Former U.S. Ambassador

Greg Lunn
State Senate, R-Tucson

Peter J. Fears

Vincent J. Doyle

ARGUMENT "AGAINST" PROPOSITION 103

ARC BALLOT STATEMENT

In the United States everyone has a right to a trial by jury. The authors of the Arizona Constitution included this right in a section called "Fundamental Rights." Now some want to take it away.

Some people, misled by the insurance industry, want to severely limit jury powers and effectively eliminate a citizen's right to have a jury decide what is just and fair compensation in a civil suit.

Jurors hear all the facts in a case. They see the people involved. They are instructed by the judge on what the law says and means and how to apply that law to a specific case. And then they weigh all that evidence and law and decide what is fair, what is just, what is right.

Juries have been doing that for hundreds of years — yet all that would change under the proposed constitutional amendment. Instead, state legislators would be empowered to set hard and fast rules limiting a jury's judgment.

This proposal presumes that legislators, often influenced by powerful special interest lobbyists and political pressures, know more about how to decide a case than a jury of ordinary citizens. Would you want the state Legislature to hear your case?

This proposal to amend Arizona's Constitution is dangerous. It will undermine the jury system in Arizona forever, with nothing to gain in return.

Protect a basic fundamental right now in our Constitution. Vote "NO" on Proposition 103.

Greg E. Searles
District 21 Chairman

Marlene K. Mariani

Randall L. Gray, Executive Director
Private-not-for-profit rehabilitation agency

Michael Haase
Ex. State Chairman
Vietnam Veterans of America

Gene Weinstein
Accountant

ARGUMENT "AGAINST" PROPOSITION 103

In medieval times only the rich and powerful could afford lawyers. It was the attorneys of the Middle Ages who protected noblemen from the public, bankers from the depositors, landowners from the serfs.

But the United States created a much different kind of legal system, built on the premise that no one should lose his or her rights for lack of an advocate. It also is based on the idea that individuals who had been wronged could take their case to an impartial jury of their neighbors, lay out the facts and let the issue be decided.

That system has worked well. It assures that the poorest person who has been harmed will have a day in court, even if the person who committed that harm is the richest and most powerful in the country.

The system also is based on the idea that those who intentionally do wrong or act with gross negligence should be subject to a special penalty, designed to punish as well as deter others who would betray the public trust.

There are those who want to dismantle that system, setting arbitrary limits on what a guilty party would pay for the pain and suffering of another. They would curtail or eliminate punitive damages for outrageous acts.

They also would ensure that those not rich enough to afford their own attorneys are denied competent legal help by limiting the terms under which a lawyer could be hired. Yet they would impose no such restrictions for those who defend big corporations, special interests and insurance companies.

Approval of Proposition 103 would be a step to return Arizona to medieval days when power and money determined an individual's rights, where dollars meant influence and those too poor to have advocates were left to fend for themselves.

Barry Davis
President
Arizona Trial Lawyers Assn.

Anthony Palumbo
Secretary/Treasurer
Arizona Trial Lawyers Assn.

ARGUMENT "AGAINST" PROPOSITION 103

A handful of special interests, led by the insurance industry, are trying to alter the Arizona Constitution to further their financial self-interest. They want to scrap two constitutional sections which protect the right of individuals who are injured, poisoned or maimed to sue — and collect from — those responsible.

The principal of individual responsibility is part of the American tradition and is embedded in Arizona's Constitution. When people injure or kill others, they can be held accountable. Proposition 103 would eliminate much of this accountability.

Proposition 103 also undermines the jury system. It would replace the judgment of jurors with the judgment of the state legislature. This would be done by means of a general law which cannot possibly take into account the specific facts of a particular case.

The people of this State should be highly suspicious of any proposal to expand government power and diminish individual rights by tampering with the Constitution. Such changes should be accepted only if they have overwhelming justification. Proposition 103 just doesn't measure up.

The insurance companies themselves have admitted that the explosion in rates was "partially" caused by their own mismanagement. They have refused to guarantee rate reductions, or even stabilization, if the changes they demand are enacted.

In Washington State, although the insurance industry got what it wanted, rates have continued to rise faster than inflation. The industry's response to this situation is informative — liability claims are a small percentage of most companies' pay-outs and so have little impact on rates. That isn't what they're saying in Arizona. Of course, it wasn't what they were saying in Seattle twelve months ago either.

Proposition 103 is an attack on the Arizona Constitution and on the rights of individual citizens. It deserves to be soundly defeated.

John Anderson, Executive Director
Common Cause of Arizona

ARGUMENT "AGAINST" PROPOSITION 103

CONSTITUTIONAL LIMITATION OF LIABILITY

When Arizona's Constitution was being drafted and debated in 1910, delegates to the convention agreed that employees should be guaranteed the right of legal recourse against the negligent employer in the event of injury or death. They further concluded that this right was fundamental to the protection of Arizona's citizens and should be extended to all. Thus, that deliberate guarantee appears both in the Arizona Constitution, and again in its Declaration of Rights.

Today, 76 years later, the drafters of another document, Proposition 103, would ask us to quietly repeal those constitutional protections and permit our government to severely restrict the rights of the innocent victim to recover full damages.

A jury could no longer decide on a case-by-case basis the appropriate remedy. Instead, they would be constrained by artificial limits imposed by the legislature — clearly not in the best interest of Arizona's citizens. Our constitutional protections, so carefully crafted, should not be discarded lightly.

I urge all Arizonans, in whose hands alone the Constitution rests, to protect ourselves and our families by defeating this ill conceived proposal.

Bruce Babbitt
Governor

BALLOT FORMAT

PROPOSITION 103

PROPOSED AMENDMENT TO THE CONSTITUTION BY THE INITIATIVE

OFFICIAL TITLE

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF ARIZONA RELATING TO REGULATION OF PUBLIC HEALTH, SAFETY AND WELFARE; DEFINING AND GUARANTEEING RIGHT TO SEEK MONETARY DAMAGES IN CASES OF INJURY OR DEATH; AUTHORIZING LEGISLATION WITH RESPECT TO AMOUNTS PAYABLE FOR DAMAGES OTHER THAN MONETARY DAMAGES; PAYMENT PLANS TO PROVIDE FOR ALL FUTURE DAMAGES AND CONTINUING CARE; LIMITS ON ATTORNEYS' FEES AND COSTS PAYABLE FROM DAMAGE AWARDS; PRESCRIBING APPLICATION OF AMENDMENT TO OTHER PROVISIONS OF THE CONSTITUTION, AND AMENDING ARTICLE XXVII, CONSTITUTION OF ARIZONA, BY ADDING SECTION 2.

DESCRIPTIVE TITLE

AMENDING ARIZONA CONSTITUTION GUARANTEEING RIGHT TO SUE TO RECOVER PAST AND FUTURE MONETARY DAMAGES IN CASES OF INJURY OR DEATH; AUTHORIZES LEGISLATURE TO ESTABLISH AMOUNTS TO BE PAID FOR ALL DAMAGES OTHER THAN MONETARY; TO SET PAYMENT PLAN FOR FUTURE DAMAGE AND CONTINUING CARE; AND TO LIMIT AMOUNTS OF ATTORNEYS' FEES AND COSTS, PAID OUT OF DAMAGE AWARDS.

PROPOSITION 103

A "yes" vote shall have the effect of allowing the Legislature to limit the amount of some types of damages that may be recovered in cases for death or injury of a person; to limit the amount of a damage award an attorney may take for fees; and to allow awards to be paid off in installments rather than in lump sums.

YES



A "no" vote shall have the effect of keeping the current constitutional provisions that prohibits any limits on damages recovered for causing death or injury to a person.

NO



PROPOSITION 200

OFFICIAL TITLE

PROPOSED BY INITIATIVE PETITION

LIMITING CAMPAIGN CONTRIBUTIONS; PROVIDING FOR PENALTIES AND REMOVAL FROM OFFICE FOR VIOLATION OF CAMPAIGN CONTRIBUTION PROVISIONS; PRESCRIBING DEFINITIONS, AND AMENDING TITLE 16, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 16-905.

TEXT OF PROPOSED AMENDMENT

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

Section 1. Intent

In this act, it is the intent of the people of Arizona to limit campaign contributions so as to prevent improper influence over state and local elected officials and to foster public confidence in the integrity of government.

Sec. 2. Title 16, chapter 6, article 1, Arizona Revised Statutes, is amended by adding section 16-905, to read:

16-905. Contribution limitations; violations; classification; complaint; definitions

A. FOR AN OFFICE OTHER THAN A STATEWIDE OFFICE, A CONTRIBUTOR SHALL NOT GIVE AND A CANDIDATE SHALL NOT ACCEPT CONTRIBUTIONS OF MORE THAN:

1. TWO HUNDRED DOLLARS FROM AN INDIVIDUAL.
2. ONE THOUSAND DOLLARS FROM A SINGLE CAMPAIGN COMMITTEE.

B. FOR A STATEWIDE OFFICE, A CONTRIBUTOR SHALL NOT GIVE AND A CANDIDATE SHALL NOT ACCEPT CONTRIBUTIONS OF MORE THAN:

1. FIVE HUNDRED DOLLARS FROM AN INDIVIDUAL.
2. TWO THOUSAND FIVE HUNDRED DOLLARS FROM A SINGLE CAMPAIGN COMMITTEE.

C. A CANDIDATE SHALL NOT ACCEPT CONTRIBUTIONS FROM ALL CAMPAIGN COMMITTEES COMBINED TOTALING MORE THAN FIVE THOUSAND DOLLARS FOR AN OFFICE OTHER THAN A STATEWIDE OFFICE, OR FIFTY THOUSAND DOLLARS FOR A STATEWIDE OFFICE.

D. AN INDIVIDUAL SHALL NOT MAKE CONTRIBUTIONS TOTALING MORE THAN TWO THOUSAND DOLLARS IN A CALENDAR YEAR TO STATE AND LOCAL CANDIDATES, CAMPAIGN COMMITTEES CONTRIBUTING TO STATE OR LOCAL CANDIDATES, AND CAMPAIGN COMMITTEES ADVOCATING THE ELECTION OR DEFEAT OF STATE OR LOCAL CANDIDATES. CONTRIBUTIONS TO POLITICAL PARTIES ARE EXEMPT FROM THE LIMITATIONS OF THIS SUBSECTION.

E. IF A CANDIDATE CONTRIBUTES OR OBLIGATES MORE THAN TEN THOUSAND DOLLARS OF HIS OWN MONEY TO A CAMPAIGN FOR AN OFFICE OTHER THAN A STATEWIDE OFFICE, OR ONE HUNDRED THOUSAND DOLLARS FOR A STATEWIDE OFFICE, THE CANDIDATE SHALL, WITHIN TWENTY-FOUR HOURS, GIVE WRITTEN NOTICE OF THE FACT TO THE SECRETARY OF STATE AND ALL OTHER CANDIDATES FOR THE SAME OFFICE. FROM THAT TIME UNTIL THEY EXCEED THESE AMOUNTS, OTHER CANDIDATES FOR THE SAME OFFICE ARE NOT SUBJECT TO THE LIMITATIONS OF SUBSECTIONS A, B AND C.

F. A CANDIDATE OR CAMPAIGN COMMITTEE UNDER THE CONTROL OF A CANDIDATE SHALL NOT CONTRIBUTE OR TRANSFER FUNDS TO ANOTHER CANDIDATE OR ANOTHER CAMPAIGN COMMITTEE UNDER THE CONTROL OF A CANDIDATE.

G. ONLY CAMPAIGN COMMITTEES THAT RECEIVED FUNDS FROM FIVE HUNDRED OR MORE INDIVIDUALS IN AMOUNTS OF TEN DOLLARS OR MORE IN THE ONE YEAR PERIOD PRECEDING THE LAST CLOSING REPORTING DATE MAY MAKE CONTRIBUTIONS TO CANDIDATES UNDER SUBSECTION A, PARAGRAPH 2 AND SUBSECTION B, PARAGRAPH 2. THE SECRETARY OF STATE SHALL OBTAIN INFORMATION NECESSARY TO MAKE THE DETERMINATION THAT A COMMITTEE MEETS THE REQUIREMENTS OF THIS SUBSECTION AND SHALL PROVIDE WRITTEN CERTIFICATION OF THE FACT TO THE COMMITTEE. A CANDIDATE SHALL NOT ACCEPT A CONTRIBUTION PURSUANT TO THIS SUBSECTION UNLESS ACCOMPANIED BY A COPY OF THE CERTIFICATION. ALL CAMPAIGN COMMITTEES THAT DO NOT MEET THE REQUIREMENTS OF THIS SUBSEC-

TION ARE SUBJECT TO THE INDIVIDUAL CAMPAIGN CONTRIBUTION LIMITS OF SUBSECTION A, PARAGRAPH 1 AND SUBSECTION B, PARAGRAPH 1.

H. THE SECRETARY OF STATE SHALL, BIENNIALY, ADJUST TO THE NEAREST TEN DOLLARS THE AMOUNTS IN SUBSECTION A THROUGH E BY THE PERCENTAGE CHANGE IN THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX, AS DEFINED IN SECTION 43-251, AND PUBLISH THE NEW AMOUNTS FOR DISTRIBUTION TO ELECTION OFFICIALS, CANDIDATES AND CAMPAIGN COMMITTEES.

I. THE FOLLOWING SPECIFIC LIMITATIONS AND PROCEDURES APPLY:

1. THE LIMITS OF SUBSECTIONS A THROUGH E APPLY CUMULATIVELY TO THE ENTIRE PRIMARY AND GENERAL ELECTION CAMPAIGN FOR ANY OFFICE OR OFFICES WHICH THE CANDIDATE SEEKS, FROM THE OPENING REPORTING DATE TO THE CLOSING REPORTING DATE OF THE CAMPAIGN, AS DEFINED IN SECTION 16-901. A CANDIDATE WHO HAS RECEIVED PRIOR CONTRIBUTIONS FROM AN INDIVIDUAL OR A CAMPAIGN COMMITTEE DURING A CAMPAIGN SHALL SHOW IN EACH REPORT THE CUMULATIVE TOTAL RECEIVED FROM THAT SOURCE.

2. THE LIMITS OF SUBSECTION A, PARAGRAPH 2, AND SUBSECTION B, PARAGRAPH 2 APPLY TO THE TOTAL CONTRIBUTIONS FROM ALL SEPARATE SEGREGATED FUNDS ESTABLISHED, AS PROVIDED IN SECTION 16-920, BY A CORPORATION, LABOR ORGANIZATION, TRADE ASSOCIATION, COOPERATIVE OR CORPORATION WITHOUT CAPITAL STOCK.

3. A CONTRIBUTION BY A MINOR CHILD SHALL BE TREATED AS A CONTRIBUTION BY HIS PARENTS FOR DETERMINING COMPLIANCE WITH SUBSECTION A, PARAGRAPH 1, SUBSECTION B, PARAGRAPH 1 AND SUBSECTION D.

4. A CONTRIBUTION TO TWO OR MORE CANDIDATES SHALL BE APPORTIONED EQUALLY BETWEEN OR AMONG THE CANDIDATES FOR DETERMINING COMPLIANCE WITH SUBSECTIONS A, B AND C.

5. A CANDIDATE SHALL SIGN AND FILE WITH HIS NOMINATING PETITION A STATEMENT THAT HE HAS READ AND UNDERSTANDS ALL APPLICABLE LAWS RELATING TO CAMPAIGN FINANCING AND REPORTING.

6. AN INDIVIDUAL OR CAMPAIGN COMMITTEE SHALL NOT MAKE A CONTRIBUTION TO A CANDIDATE THROUGH ANOTHER INDIVIDUAL OR CAMPAIGN COMMITTEE, USE ECONOMIC INFLUENCE TO INDUCE MEMBERS OF AN ORGANIZATION TO MAKE CONTRIBUTIONS TO A CANDIDATE, COLLECT CONTRIBUTIONS FROM MEMBERS OF AN ORGANIZATION FOR TRANSMITTAL TO A CANDIDATE, MAKE PAYMENTS TO CANDIDATES FOR PUBLIC APPEARANCES OR SERVICES WHICH ARE ORDINARILY UNCOMPENSATED OR USE ANY SIMILAR DEVICE TO CIRCUMVENT THE INTENT OF THIS SECTION.

J. A KNOWING VIOLATION OF ANY PROVISION OF THIS SECTION IS A CLASS 1 MISDEMEANOR. AN UNKNOWING VIOLATION CARRIES A CIVIL PENALTY OF UP TO THREE TIMES THE AMOUNT OF THE ILLEGAL CONTRIBUTION.

K. ON CONVICTION OF A KNOWING VIOLATION OF ANY PROVISION OF THIS SECTION, THE COURT SHALL PRONOUNCE JUDGMENT THAT THE CANDIDATE BE IMMEDIATELY REMOVED FROM OFFICE.

L. ANY QUALIFIED ELECTOR MAY FILE A SWORN COMPLAINT WITH THE ATTORNEY GENERAL OR THE COUNTY ATTORNEY OF THE COUNTY IN WHICH A VIOLATION OF THIS SECTION IS BELIEVED TO HAVE OCCURRED, AND THE ATTORNEY GENERAL OR THE COUNTY ATTORNEY SHALL INVESTIGATE THE COMPLAINT FOR POSSIBLE CRIMINAL OR CIVIL ACTION.

M. IF THE ATTORNEY GENERAL OR COUNTY ATTORNEY FAILS TO INSTITUTE AN ACTION WITHIN FORTY-FIVE WORKING DAYS AFTER RECEIVING A COMPLAINT UNDER SUBSECTION L, THEN THE INDIVIDUAL FILING THE COMPLAINT MAY BRING A CIVIL ACTION IN HIS OWN NAME AND AT HIS OWN EXPENSE, WITH THE SAME EFFECT AS IF BROUGHT BY THE ATTORNEY GENERAL OR COUNTY ATTORNEY. THE INDIVIDUAL SHALL EXECUTE A BOND PAYABLE TO THE DEFENDANT IF THE INDIVIDUAL FAILS TO PROSECUTE THE ACTION SUCCESSFULLY. THE COURT SHALL AWARD TO THE PREVAILING PARTY COSTS AND REASONABLE ATTORNEY FEES.

N. A COUNTY, CITY OR TOWN MAY ADOPT CAMPAIGN CONTRIBUTION PROVISIONS THAT ARE STRICTER THAN THOSE PROVIDED FOR IN THIS SECTION.

O. IN THIS SECTION:

1. "CANDIDATE" MEANS AN INDIVIDUAL WHO RECEIVES OR GIVES CONSENT FOR RECEIPT OF A CONTRIBUTION FOR HIS NOMINATION FOR OR ELECTION TO ANY OFFICE IN THIS STATE OTHER THAN A FEDERAL OFFICE. CANDIDATE INCLUDES A PERSONAL CAMPAIGN COMMITTEE DESIGNATED OR AUTHORIZED BY THE INDIVIDUAL TO RECEIVE CONTRIBUTIONS OR MAKE EXPENDITURES ON HIS BEHALF.

2. "CONTRIBUTION" MEANS MONEY OR THE FAIR MARKET VALUE OF ANYTHING DIRECTLY OR INDIRECTLY GIVEN OR LOANED FOR THE PURPOSE OF INFLUENCING AN ELECTION OF A CANDIDATE IN THIS STATE EXCEPT:

(a) UNCOMPENSATED PERSONAL SERVICES PERFORMED BY VOLUNTEER CAMPAIGN WORKERS.

(b) PERSONAL TRAVEL EXPENSES INCURRED BY AN INDIVIDUAL WITHOUT DIRECT OR INDIRECT REIMBURSEMENT.

(c) FOOD AND BEVERAGES DONATED BY AN INDIVIDUAL AND NOT EXCEEDING ONE HUNDRED DOLLARS IN VALUE DURING A CALENDAR YEAR.

CONTRIBUTION INCLUDES ANY EXPENDITURE MADE BY AN INDIVIDUAL OR CAMPAIGN COMMITTEE WITH THE COOPERATION OR CONSULTATION OF A CANDIDATE, OR IN CONCERT WITH OR AT THE REQUEST OR SUGGESTION OF A CANDIDATE.

3. "POLITICAL PARTY" MEANS A NATIONALLY RECOGNIZED ORGANIZATION WHICH NOMINATES A CANDIDATE WHOSE NAME APPEARS ON A BALLOT AS A CANDIDATE OF THE ORGANIZATION.

4. "STATEWIDE OFFICE" MEANS THE OFFICE OF GOVERNOR, SECRETARY OF STATE, STATE TREASURER, ATTORNEY GENERAL, SUPERINTENDENT OF PUBLIC INSTRUCTION, CORPORATION COMMISSIONER OR MINE INSPECTOR.

P. IF A PROVISION OF THIS SECTION OR ITS APPLICATION TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THE SECTION WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS SECTION ARE SEVERABLE.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 200 establishes limitations on contributions to election campaigns for candidates, gives guidelines and procedures for contributions, provides for penalties and remedies for violating the contribution laws.

The campaign contribution limitations for any office other than a statewide office under this Proposition would be two hundred dollars from an individual and one thousand dollars from a single campaign committee. For a statewide office (Governor, Secretary of State, State Treasurer, Attorney General, Superintendent of Public Instruction, Corporation Commission, Mine Inspector), the limits are five hundred dollars from an individual and two thousand five hundred dollars from a single campaign committee. Other campaign contribution limitations in this Proposition are:

1. A candidate cannot accept a total of more than five thousand dollars from all campaign committees combined for other than a statewide office, or fifty thousand dollars for a statewide office.

2. Individuals would be limited to total contributions for state and local races of no more than two thousand dollars in a calendar year for all candidates and campaign committees combined. Contributions to political parties are exempt from the limits.

3. If a candidate contributes or obligates over ten thousand dollars of his own money, or one hundred thousand dollars for a statewide office, to his own campaign, he must give notice of this fact within twenty-four hours to the Secretary of State and the other candidates for the office he is seeking. In this case, the contribution limits in the Proposition do not apply to the other candidates for that office until they exceed the ten thousand or one hundred thousand dollar limits.

This Proposition also provides that a candidate or campaign committee shall not transfer funds to another candidate or campaign committee.

The dollar limitations on contributions would be adjusted every two years for changes in the consumer price index.

Several other specific limitations and procedures in this Proposition regarding campaign contributions are:

1. The contribution limits apply to the entire campaign period for any office.

2. The limits apply to all separate segregated funds (political action committees) for campaigns established by any corporation or association.

3. A contribution by a minor child is treated as a contribution by the child's parents.

4. A contribution to two or more candidates without specifying the amount for each will be apportioned equally between or among them.

5. A candidate must sign and file a statement that he has read and understands the campaign contribution laws.

6. This law prohibits using any device such as contributing to a candidate through another or using economic influence to induce contributions to get around the intent of the Proposition.

There are two methods to enforce the campaign contribution limitations in this Proposition. The first is that a criminal penalty constituting a class 1 misdemeanor (up to six months in jail and up to a one thousand dollar fine) is provided for any knowing violation of this law or a civil penalty of up to three times the illegal contribution for a unknowing violation. The second is that any qualified voter can file a complaint with the Attorney General or a county attorney alleging a violation of the contribution limitations and they must investigate the allegation. If an action is not brought by the attorney within forty-five days, the person complaining may bring a civil action after executing a bond. The court shall award costs and attorney fees to the prevailing party.

This Proposition would allow counties, cities and towns to adopt contribution laws that are stricter than those in the Proposition.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING PROPOSITION 200

Politicians and elected officials in Arizona are placed and kept in office largely through the influence of big money contributed by special interests. Proposition 200 would limit campaign contributions to stop our elected representatives in all levels of government from being "bought" by special interests. The money from the big companies and special interest groups is being used to buy advertising time and space which is directly related to votes.

Elected officials cannot help being influenced by their largest contributors to vote on issues according to what these big contributors expect. The best candidates for public office are those that equally and fairly represent the interests of all their constituents. This Proposition would provide a fair and balanced system of allowing limited election contributions without a few individuals or groups controlling the election for any particular office.

The current system allows large contributors and political action committees to collect huge amounts of money and throw their support behind certain candidates who they know will vote in their interest. New candidates for office often cannot hope to compete for these funds. Elected representatives should run on issues, not dollars.

Some control over campaign contributions is necessary. We cannot expect our elected officials to pass laws which would limit their own vital source for election expenses. It is not in their own interest. The people must set these limitations themselves through enactment of this Proposition in order to guarantee that our elected representatives at all levels of government will act in the interests of all the people, not just in the interests of big campaign contributors.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING PROPOSITION 200

Proposition 200 is another example of "big brother" imposing restrictions on the freedom of every citizen and group in this state to choose and support the candidate of their choice. This Proposition's strict limits on donating money to candidates is an example of more unnecessary government interference and bureaucracy being pushed on us.

A very important result of contributing to political campaigns and candidates is to provide free and open communication through the use of advertisements and public appearances so that we can be well informed about the candidates who are running for office. A result of drastically limiting campaign contributions would be to keep us in the dark about who is running and what they stand for.

Proposition 200 proposes limits that are the same for all offices other than statewide offices. This means that a contribution to a candidate for State Senate from a large district in Phoenix would have the same dollar limitation as for a school board candidate in the smallest community in the state. This shows a total lack of understanding of the necessary costs to run for very different offices.

Proposition 200 is overkill. It is a drastic attempt to deal with something that is not a serious problem in this state. In fact, Arizona candidates for public office spend a lot less to get elected than candidates in many other states.

We already have strict state laws controlling election campaign contributions including reporting contributions and criminal penalties for noncompliance. There is no reason to "fix" a system that is currently working effectively.

Passing Proposition 200 will result in the rich "buying" public offices with big money at the last minute. With the strict contribution limits proposed no one else will be able to raise enough money fast enough to fairly compete.

ARGUMENT "FOR" PROPOSITION 200

Tired of annual tax increases in Arizona? Then vote for Proposition 200.

Taxpayers are numerous, but they are not well-organized and do not contribute large sums to political campaigns. Special interests, by contrast, are few in number but well-organized and contribute heavily to campaigns. The access thereby gained is like money in their pockets — and out of the taxpayers' pockets.

Some examples of influence buying from the last session of the Arizona Legislature:

- The Rio Salado Project of Phoenix developers.
- A tax break for Motorola and other semi-conductor manufacturers.
- Additional subsidies for the horse and dog racing industries in Arizona.
- Continued subsidies for the livestock industry.

The Arizona Federation of Taxpayers Associations urges a YES vote on Proposition 200, our best chance ever to curtail the influence buying which pervades government.

Carl H. Dry
President
Arizona Federation of Taxpayers Association

ARGUMENT "FOR" PROPOSITION 200

The Arizona Ecumenical Council of Churches, an association of 800,000 Christians cooperating in mission in Arizona, supports Proposition 200 because of its implications for morality in government. None of our state or local lawmakers should be encumbered with obligations to special interests. They should be free to vote their consciences in the interest of the public. This complete and well-conceived proposition would also reduce campaign spending to more reasonable proportions and enable citizens to elect government officials on the basis of their personal qualifications rather than the size of their campaign treasuries. Accordingly, we see our support of this proposition as an exercise in responsible citizenship.

Robert E. Seel, President
Arizona Ecumenical Council

ARGUMENT "FOR" PROPOSITION 200

The National Federation of Independent Business, representing 6,800 small businesses in Arizona, wholeheartedly backs Proposition 200. By limiting campaign contributions, Proposition 200 will limit the political influence of big business and big labor.

Small businesses create most of this country's jobs and products but have never been big contributors to campaigns and so have lost out politically. NFIB opposed wholesale deregulation of telephone services in the absence of competition. Mountain Bell and AT&T were able to ram a bill through the Arizona Legislature anyway.

NFIB favored limits on liability and attorneys fees. The Arizona Trial Lawyers were able to kill nearly all reforms heard by the Arizona Legislature.

NFIB pushed for the creation of a small business utility advocate to represent us at utility rate hearings. Big Business groups scuttled the idea in the Arizona Legislature, fearing that they might end up paying their fair share of utility bills.

Money talks in Arizona politics, all too loudly. It is time that consumers, taxpayers, homeowners, and small businesses are heard too.

Kirby Garrett
State Director
National Federation of Independent Business

ARGUMENT "FOR" PROPOSITION 200

Campaign costs keep rising, and without limits on the amounts of money that Political Action Committees (PAC's) and the wealthy can give to campaigns, most citizens cannot be sure their opinions will receive equal consideration in setting public policy.

PAC's groups of special and vested interests, seeking advantage only for themselves, now contribute more than half of the campaign funds of Arizona legislators. Why? Because they get results from making large donations to campaigns.

"One person, one vote" becomes meaningless when individuals are competing with groups and the wealthy for influence in setting public policy. It is no wonder that the average citizen does not feel represented in the political process.

As long as PAC's, through their money, have more influence than individuals, government by the few rather than the many will continue.

Over 75% of PAC money goes to those already in office, making it very difficult to challenge incumbents.

The only way to take government away from the vested interests is by limiting the amount of money candidates can accept. This is what Proposition 200 does.

VOTE YES ON PROPOSITION 200!

Julia Martori, President
American Assoc. of University Women

Dolores L. Sirkis, 2nd Vice President
The League of Women Voters of Arizona

ARGUMENT "FOR" PROPOSITION 200

A YES VOTE ON PROPOSITION 200 WILL HELP PROMOTE A RETURN TO GRASS ROOTS DEMOCRACY. This past session of the Arizona Legislature was typical of recent sessions . . . CONSUMERS GOT LITTLE, SPECIAL INTERESTS GOT A LOT! Consumers didn't get a cap on credit card interest rates; we didn't get hospital cost containment; we didn't get tax reform; we didn't get industrial air quality controls and many other consumer protections. All of these measures were considered. All were opposed by monied special interests. All were buried.

At the same time, banks, utility companies, teachers, realtors and other big contributors got nearly everything they wanted from the Arizona Legislature. Campaign contributions made the difference.

Senator Barry Goldwater and Congressman Morris Udall are working for campaign finance reform at the federal level. A YES vote on Proposition 200 will bring the same type of reform to Arizona.

Phyllis Rowe, President
Arizona Consumers Council

ARGUMENT "FOR" PROPOSITION 200

The stream of special-interest campaign contributions to candidates for state and local office has become a flood. Altogether, two dozen special-interest political action committees gave less than \$50,000 to legislative candidates in 1974. In 1984, 240 PACs pumped well over \$1 million into legislative races, with the bulk of that money going to candidates with no real opposition. The situation at the county and municipal levels is as bad or worse.

The availability of large amounts of special-interest money has caused campaign spending to skyrocket. Even worse, it is undermining public trust in the integrity of elected officials, the foundation of our system of representative government. There is a widespread feeling that special-interests trade on their "generosity" to obtain favorable treatment from government at the expense of the general public.

What's at issue here isn't bribery. Campaign contributions seldom "buy" votes in the legislature or a city council, but they do buy gratitude and influence, which can generally be translated into votes.

The special-interests know that campaign contributions payoff big in tax breaks, in rezoning decisions, and in a thousand other ways. That's why they are so eager to hand over large chunks of money, preferably to candidates who are sure to win.

And that's why Proposition 200 is so important. By putting reasonable limits on the size of campaign contributions and by curtailing the overall flow of special-interest money into political campaigns, Proposition 200 will make candidates less indebted to special-interest contributors and will help to restore both government integrity and public faith in that integrity.

Help keep Arizona government off the auction block.

VOTE YES ON PROPOSITION 200!

John Anderson, Executive Director
Common Cause of Arizona

ARGUMENT "AGAINST" PROPOSITION 200

STATEMENT IN OPPOSITION TO CAMPAIGN CONTRIBUTION LIMITATION INITIATIVE

This is in opposition to the Campaign Contribution Initiative appearing on the general election ballot in Arizona.

Voters receive little enough information about candidates. Political Action Committees, are one method of sharing information about the qualifications of Arizona candidates and contributing small

amounts of personal funds to competent candidates. To severely limit the activities and restrict the contributions of most of these committees to the same level allowed individuals is clearly unfair.

Candidates need campaign funds from as many different sources as possible. Broad support from a variety of Political Action Committees, individuals, and political party funds is a desirable situation. To limit any of these sources restricts the campaign activity which identifies and differentiates candidates for voters. In these times, many candidates must use radio and television time to gain the attention of voters. These media costs coupled with any type of mass mailings require adequate campaign funds to remain visible to the voters for the full election season.

The statewide limitation for total PAC contribution is \$50,000, this could not even cover one statewide mailing. There are one million households in Arizona with registered voters. To mail out literature to each household at the bulk rate of 8.5 cents would cost \$85,000, \$35,000 over the limit.

Overall, any kind of limitation on campaign funds favors incumbent and wealthy candidates. Constitutionally, candidates cannot be restricted as to expenditures on their own campaign. In the case of incumbents, they receive all variety of media attention and other exposure, newsletter circulation and other elected official advantages not available to challengers.

Again, more Arizonans need to help with the cost of electing good public officials — whether by individual contribution to candidates or through Political Action Committees and political parties. This initiative severely discourages those necessary contributions.

Margaret M. Walker
Executive Director
United For Arizona

ARGUMENT "AGAINST" PROPOSITION 200

Proposition 200 limiting campaign contributions, authored by State Representative Reid Ewing, not only does not protect the public against wealthy candidates "buying" the offices they seek, but actually encourages it!

For example, the proposition allows any candidate to spend their own money in the amounts of \$10,000 for a local office and \$100,000 for a statewide office, without any requirement to report that fact. If the candidate exceeds those amounts, only then must he report this to the Secretary of State and to his opponents, who are then relieved of their contribution limits, and may then try to catch up.

Thus, for a local race, a candidate may receive \$5,000 in contributions from campaign committees, throw in \$10,000 of his own money, and have \$15,000 to spend, while his not-so-wealthy opponent is limited to his \$5,000. Then in the last days of the election, the wealthy candidate may spend any additional amount of his own money without limit, report it in accordance with the law, freeing his opponent from the contribution limitation, but too late to even try to catch up!

Proposition 200 virtually guarantees that every elective office in the state can be bought by those with the money to do so.

It should also be noted that Proposition 200 would still allow large contributions from unions and powerful self interest associations, as they are the only types of campaign organizations qualifying under Subsection G.

Arizona law now requires every candidate and campaign committee to report all contributions and to itemize any over \$25. It is obvious that any disproportionately large contribution is readily apparent, and public scrutiny is the best way to ensure propriety.

We urge all Arizona voters to vote no on Proposition 200.

Burton S. Kruglick
Chairman, Arizona Republican Party

BALLOT FORMAT

PROPOSITION 200		
PROPOSED BY INITIATIVE PETITION		
OFFICIAL TITLE		
AN INITIATIVE MEASURE LIMITING CAMPAIGN CONTRIBUTIONS; PROVIDING FOR PENALTIES AND REMOVAL FROM OFFICE FOR VIOLATION OF CAMPAIGN CONTRIBUTION PROVISIONS; PRESCRIBING DEFINITIONS, AND AMENDING TITLE 16, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 16-905.		
DESCRIPTIVE TITLE		
AN ACT PROPOSED BY INITIATIVE PETITION LIMITING THE AMOUNTS INDIVIDUALS AND CAMPAIGN COMMITTEES MAY CONTRIBUTE TO STATE AND LOCAL CANDIDATES, LIMITING THE AMOUNTS OF CONTRIBUTIONS THAT A CANDIDATE OR CAMPAIGN COMMITTEE MAY RECEIVE FROM INDIVIDUALS OR OTHER CAMPAIGN COMMITTEES, AND PRESCRIBING PENALTIES FOR VIOLATIONS.		
PROPOSITION 200		
A "yes" vote shall have the effect of limiting most amounts of political campaign contributions to state and local candidates from individuals and campaign committees but exempting all contributions to political parties.	YES	➔
A "no" vote shall have the effect of maintaining the existing law that does not provide for limits on amounts of political campaign contributions to state and local candidates from individuals and campaign committees.	NO	➔

PROPOSITION 300

RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS AS TO LEGISLATIVE SALARIES HAVE BEEN CERTIFIED TO THE SECRETARY OF STATE AND ARE HEREBY SUBMITTED TO THE QUALIFIED ELECTORS FOR THEIR APPROVAL OR REJECTION.

(In compliance with Ariz. Const. art. 5 § 13)

"SHALL THE RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS CONCERNING LEGISLATIVE SALARIES BE ACCEPTED? YES NO." SUCH RECOMMENDATIONS IF APPROVED BY THE ELECTORS SHALL BECOME EFFECTIVE AT THE BEGINNING OF THE NEXT REGULAR LEGISLATIVE SESSION WITHOUT ANY OTHER AUTHORIZING LEGISLATION.

STATEMENT FROM THE COMMISSION ON SALARIES FOR ELECTIVE STATE OFFICERS

In accordance with the provisions of article V, section 13, Constitution of Arizona, and title 41, chapter 13, Arizona Revised Statutes, we hereby certify that the salary of \$20,000 per annum for each member of the Legislature is recommended by this Commission for submission to the qualified electors of the State of Arizona at the next regular general election.

Chris Hamel, Chairman
 *Don Cooper, Member
 Donald Strauch, Member
 Sherman Hazeltine, Member
 Gerald J. Strick, Member

*Mr. Don Cooper was unable to participate in carrying out the duties of the Commission due to illness.

BALLOT FORMAT

PROPOSITION 300	
RECOMMENDATION OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS AS TO LEGISLATIVE SALARIES HAVE BEEN CERTIFIED TO THE SECRETARY OF STATE AND ARE HEREBY SUBMITTED TO THE QUALIFIED ELECTORS FOR THEIR APPROVAL OR REJECTION.	
DESCRIPTIVE TITLE	
AN INCREASE FROM THE PRESENT LEGISLATIVE SALARY OF \$15,000 PER ANNUM TO \$20,000 PER ANNUM AS RECOMMENDED BY THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS.	
"SHALL THE RECOMMENDATIONS OF THE COMMISSION ON SALARIES FOR ELECTED STATE OFFICERS CONCERNING LEGISLATIVE SALARIES BE ACCEPTED? <input type="checkbox"/> YES <input type="checkbox"/> NO."	
SUCH RECOMMENDATIONS IF APPROVED BY THE ELECTORS SHALL BECOME EFFECTIVE AT THE BEGINNING OF THE NEXT REGULAR LEGISLATIVE SESSION WITHOUT ANY OTHER AUTHORIZING LEGISLATION.	
Current Legislative Salary	\$15,000
Salary Proposed by Salary Commission	\$20,000
PROPOSITION 300	
A "yes" vote shall have the effect of raising legislators' annual salaries to \$20,000.	YES
A "no" vote shall have the effect of maintaining legislators' annual salaries at \$15,000.	NO

THE REFERENDUM NUMBERED **PROPOSITION 301** WAS NOT CERTIFIED BY THE SECRETARY OF STATE AT THE TIME OF PRINTING THIS PAMPHLET. THE PROPOSITION MAY OR MAY NOT QUALIFY TO APPEAR ON THE GENERAL ELECTION BALLOT. PLEASE REVIEW YOUR SAMPLE BALLOT PROVIDED BY THE COUNTY AND MAILED TO YOU APPROXIMATELY 10 DAYS PRIOR TO THE GENERAL ELECTION TO DETERMINE IF PROPOSITION 301 WILL BE ON THE BALLOT.

PROPOSITION 301

OFFICIAL TITLE

REFERENDUM PETITION
 A REFERENDUM ORDERED BY PETITION OF THE PEOPLE

ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO ALCOHOLIC BEVERAGES; PRESCRIBING THE LIABILITY OF SPIRITUOUS LIQUOR LICENSEES IN THE SALE OF SPIRITUOUS LIQUOR, AND AMENDING TITLE 4, CHAPTER 3, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.

TEXT OF PROPOSED REFERENDUM

1. Under the power of the referendum, as vested in the qualified electors, the following act, enacted in the thirty-seventh Legislature, second regular session as H.B. 2170, relating to alcoholic beverages and prescribing the liability of spirituous liquor licensees in the sale of spirituous liquor, is referred to a vote of the qualified electors to become valid as a law when approved by a majority of the qualified electors voting thereon and upon proclamation of the governor:

Section 1. Title 4, chapter 3, Arizona Revised Statutes, is amended by adding article 2, to read:

ARTICLE 2. ILLEGAL SALE OF SPIRITUOUS LIQUOR

4-311. Liability for serving intoxicated person or minor; definition

A. A LICENSEE IS LIABLE FOR PROPERTY DAMAGE AND PERSONAL INJURIES OR IS LIABLE TO A PERSON WHO MAY BRING AN ACTION FOR WRONGFUL DEATH PURSUANT TO SECTION 12-612 IF A COURT OR JURY FINDS THE FOLLOWING:

1. THE LICENSEE SOLD SPIRITUOUS LIQUOR EITHER TO A PURCHASER WHO WAS OBVIOUSLY INTOXICATED, OR TO A PURCHASER UNDER THE LEGAL DRINKING AGE WITHOUT REQUESTING IDENTIFICATION CONTAINING PROOF OF AGE OR WITH KNOWLEDGE THAT THE PERSON WAS UNDER THE LEGAL DRINKING AGE, AND
2. THE PURCHASER CONSUMED THE SPIRITUOUS LIQUOR SOLD BY THE LICENSEE, AND
3. THE CONSUMPTION OF SPIRITUOUS LIQUOR WAS A PROXIMATE CAUSE OF THE INJURY, DEATH OR PROPERTY DAMAGE.

B. FOR THE PURPOSES OF SUBSECTION A, PARAGRAPH 2 OF THIS SECTION, IF IT IS FOUND THAT AN UNDERAGE PERSON PURCHASED SPIRITUOUS LIQUOR FROM A LICENSEE AND SUCH UNDERAGE PERSON INCURS OR CAUSES INJURIES OR PROPERTY DAMAGE AS A RESULT OF THE CONSUMPTION OF SPIRITUOUS LIQUOR WITHIN A REASONABLE PERIOD OF TIME FOLLOWING THE SALE OF THE SPIRITUOUS LIQUOR, IT SHALL CREATE A REBUTTABLE PRESUMPTION THAT THE UNDERAGE PERSON CONSUMED THE SPIRITUOUS LIQUOR SOLD TO SUCH PERSON BY THE LICENSEE.

C. FOR THE PURPOSES OF THIS SECTION "OBVIOUSLY INTOXICATED" MEANS INEBRIATED TO SUCH AN EXTENT THAT A PERSON'S PHYSICAL FACULTIES ARE SUBSTANTIALLY IMPAIRED AND THE IMPAIRMENT IS SHOWN BY SIGNIFICANTLY UNCOORDINATED PHYSICAL ACTION OR SIGNIFICANT PHYSICAL DYSFUNCTION, THAT WOULD HAVE BEEN OBVIOUS TO A REASONABLE PERSON.

4-312. Liability limitation

A. A LICENSEE IS NOT LIABLE IN DAMAGES TO ANY CONSUMER OR PURCHASER OF SPIRITUOUS LIQUOR OVER THE LEGAL DRINKING AGE WHO IS INJURED OR WHOSE PROPERTY IS DAMAGED, OR TO SURVIVORS OF SUCH A PERSON, IF THE INJURY OR DAMAGE IS ALLEGED TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY REASON OF THE SALE, FURNISHING OR SERVING OF SPIRITUOUS LIQUOR TO THAT PERSON. A LICENSEE IS NOT LIABLE IN DAMAGES TO ANY OTHER ADULT PERSON WHO IS INJURED OR WHOSE PROPERTY IS DAMAGED, OR TO THE SURVIVORS OF SUCH A PERSON, WHO WAS PRESENT WITH THE PERSON WHO CONSUMED THE SPIRITUOUS LIQUOR AT THE TIME THE SPIRITUOUS LIQUOR WAS CONSUMED AND WHO KNEW OF THE IMPAIRED CONDITION OF THE PERSON, IF THE INJURY OR DAMAGE IS ALLEGED

TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY REASON OF THE SALE, FURNISHING OR SERVING OF SPIRITUOUS LIQUOR.

B. SUBJECT TO THE PROVISIONS OF SUBSECTION A OF THIS SECTION AND EXCEPT AS PROVIDED IN SECTION 4-311, A PERSON, FIRM, CORPORATION OR LICENSEE IS NOT LIABLE IN DAMAGES TO ANY PERSON WHO IS INJURED, OR TO THE SURVIVORS OF ANY PERSON KILLED, OR FOR DAMAGE TO PROPERTY WHICH IS ALLEGED TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY REASON OF THE SALE, FURNISHING OR SERVING OF SPIRITUOUS LIQUOR.

ANALYSIS BY LEGISLATIVE COUNCIL

(In compliance with A.R.S. section 19-124)

Proposition 301 specifies the liability of liquor licensees (mostly bars and restaurants) in the sale of spirituous liquor. The Proposition states that a liquor licensee is liable for injury, death or property damage if all of the following are true:

1. The licensee sold liquor either to someone who was "obviously intoxicated" or to someone who was under the legal drinking age without requesting identification. "Obviously intoxicated" is defined in the Proposition as inebriated (drunk) to such an extent that a person's physical faculties (actions) are substantially impaired (restricted) and the impairment is shown by significantly uncoordinated physical action or significant inability to function physically that would have been obvious to a reasonable person.

2. The purchaser consumed (drank) the liquor. If an underage person who purchased liquor from a licensee causes injury or property damage because of the consumption of the liquor within a reasonable period of time after the purchase, it is presumed that the underage person consumed the liquor.

3. The consumption (drinking) of the liquor was a proximate cause (direct cause) of the injury, death or property damage.

If the conditions listed in paragraphs 1, 2 and 3 above do not exist, then the liquor licensee is not liable under Proposition 301 for damages to the intoxicated person because of the sale of spirituous liquor to that person. Additionally, the licensee is not liable to a person who was present with the intoxicated person and knew of the person's impaired condition.

LEGISLATIVE COUNCIL ARGUMENTS FAVORING

PROPOSITION 301

The liability of liquor licensees for the acts of their customers once they leave their business establishment should be limited. The licensee should not be held responsible for serving a drink to someone if he had no way of actually knowing whether or not the person was intoxicated.

Proposition 301 would give servers of liquor a fairer standard by which to decide whether or not to serve a drink to someone, namely, if the person appears by his physical actions to be obviously drunk. Currently, every time a server pours a drink, he is exposing himself and the owner of the business to possible liability that can wipe out the business.

Right now many liquor licensees are finding it difficult, if not impossible, to obtain liability insurance because many insurance companies refuse to cover them due to their unlimited liability exposure to lawsuits by people injured by drunk drivers. If an insurance company does agree to cover a liquor licensee, the rates are often so high the licensee cannot afford to carry insurance at all. Many smaller licensees are being forced to go out of business or simply do without insurance. This will have a negative impact on victims of drunk drivers since there would be no insurance to cover the damages even if they won a suit against a licensee.

Is it fair to ask a liquor licensee to be primarily responsible for damages and injuries caused by a customer he has no real control over who decides on his own to drink too much? People who get drunk can get the liquor at an unlimited number of places other than that of the licensee. The responsibility for injuries and damages caused by people who get drunk should be assumed primarily by the drinker and not by others.

LEGISLATIVE COUNCIL ARGUMENTS OPPOSING

PROPOSITION 301

Drunk drivers are killing and maiming the citizens of this state at an alarming rate, and Proposition 301 is a step backward in the efforts to keep drunk drivers off our highways.

The definition of "obviously intoxicated" in Proposition 301 is vague. Further, a person would have to be falling down drunk to fit the definition. It doesn't indicate whether slurred speech and other normal indicators of drunkenness may be present for a person to be "obviously intoxicated". If a person sits on a

bar stool for five hours and drinks continuously without getting up to show he is obviously intoxicated, it is almost impossible to tell whether the person has the "significantly uncoordinated physical action" necessary to be found "obviously intoxicated".

Proposition 301 will have the effect of making servers of spirituous liquor less careful about who they give drinks to. A server could allow a customer to consume drink after drink knowing that the person is probably intoxicated but would not be liable as long as the person did not appear "obviously intoxicated" according to the significant physical standards required in the Proposition.

The Legislature has recently passed severe drunk driving penalties which have helped limit the damages and injuries caused by drunk drivers and we need to continue to do everything we can to keep the drunk driver off the streets. This includes requiring liquor licensees to be extremely careful about who they are serving drinks to and making them pay for the damages if they are not.

ARGUMENT "AGAINST" PROPOSITION 301

MADD urges a No vote on HB2170.

This bill would lessen the deterrent effect of the current liability of a bar owner when they 1) criminally overserve patrons and 2) serve minors.

The bill provides that a bar would have no civil liability if they merely "request" identification from minors. There is no provision that they have to see identification or that the identification even has to exist. Therefore, a bar owner could serve minors without risking liability and they would not be as careful in the serving of minors.

HB2170 would allow a bar owner to serve an alcoholic to the point of obvious intoxication and escape responsibility. The bill defines obvious intoxication in such a way that unless a person is falling down drunk the bar is immune. Therefore, a careless bar could serve a person many drinks in a short period of time and still escape responsibility by claiming the patron was not "falling down" drunk or walking into walls. MADD feels this provision will also lead to less diligence on the part of bar owners.

The bill also provides that a person who is "present" with the inebriated person and knows of his impaired condition has no claim against the bar. Therefore, if you are in a bar and you are assaulted by a drunk, you may not even know, the bar may be immune even if they had been criminally negligent in overserving the drunk.

A "NO" vote will keep the bar owner diligent in not putting drunks out on the road.

Donna R. Pickering, Legislative Chairperson
Mothers Against Drunk Driving
Maricopa County Chapter

ARGUMENT "AGAINST" PROPOSITION 301

ARGUMENT AGAINST DRAM SHOP PROPOSITION

The Thirty-Seventh Legislature passed House Bill 2170 in response to an appeal from the liquor serving industry for relief from high insurance costs. I believe that the debate centered on the insurance issue and failed to look at the public safety.

Arizona has made significant strides in recent years to protect citizens from drunk drivers. Today a jury may hold a server of liquor financially responsible if he negligently overserves liquor to a patron who then kills or injures someone. This has resulted in prudent actions by bar owners to train their personnel to provide alternate means of transportation and not simply escort drunks to their cars.

I encourage a no vote on proposition 301. Enough innocent people die today at the hands of drunk drivers. If this law changes we will certainly lose more.

Debbie McCune
State Representative
District 20

BALLOT FORMAT

PROPOSITION 301	
REFERENDUM ORDERED BY PETITION OF THE PEOPLE	
OFFICIAL TITLE	
REFERENDUM PETITION	
A REFERENDUM ORDERED BY PETITION OF THE PEOPLE ORDERING THE SUBMISSION TO THE PEOPLE OF AN ACT RELATING TO ALCOHOLIC BEVERAGES; PRESCRIBING THE LIABILITY OF SPIRITUOUS LIQUOR LICENSEES IN THE SALE OF SPIRITUOUS LIQUOR, AND AMENDING TITLE 4, CHAPTER 3, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.	
DESCRIPTIVE TITLE	
AN ACT OF THE LEGISLATURE REFERRED TO THE PEOPLE BY PETITION LIMITING THE LIABILITY OF SPIRITUOUS LIQUOR LICENSEES WHO SELL ALCOHOLIC BEVERAGES TO OBVIOUSLY INTOXICATED PERSONS AND THOSE WHO ARE UNDER AGE.	
PROPOSITION 301	
A "yes" vote shall have the effect of limiting a liquor license holder's liability for property damage, injury or death caused by an obviously intoxicated or under-age person to whom the license holder serves alcohol.	YES 
A "no" vote shall have the effect of retaining current liability standards, which presently do not contain the proposed limitations.	NO 

NOTES

NOTES

VOTER'S GUIDE

This form is for your convenience to mark your choices after studying the Publicity Pamphlet. This page may be detached from the pamphlet and taken to the polling place General Election day November 4, 1986 to assist you in voting your ballot.

- Proposition 100** Yes No
- Proposition 101** Yes No
- Proposition 102** Yes No
- Proposition 103** Yes No
- Proposition 200** Yes No
- Proposition 300** Yes No
- Proposition 301** Yes No

To Remove — Cut Here

NOTICE TO VOTERS

1. Anyone who is either physically or visually impaired or **WHO IS UNABLE TO READ** or understand the contents of the ballot may be accompanied into the voting booth by a person of his choice or a representative of each major political party for the purpose of assisting him in casting his ballot.
2. Sample ballots may be brought to the voting place and may be taken into the voting booth on the day of the Election.
3. Any qualified voter who at 7:00 P.M. is in the line of waiting voters shall be allowed to prepare and cast his ballot.

ABSENTEE VOTING INFORMATION

You may vote an Absentee Ballot for this Election if you qualify under any of the following conditions:

- | | |
|---|---|
| A. Physically Disabled. | E. The Tenets of my religion prevent my attending the polls on the day of the Election. |
| B. 65 years of age or older. | F. Because I am Legally Blind. |
| C. Live more than 15 road miles from the Polling Place. | |
| D. Absent from the precinct on Election Day. | |

TO OBTAIN AN ABSENTEE BALLOT:

- A. Appear in person at the office of the County Recorder
OR

- B. Submit a written request to the County Recorder indicating one of the above conditions.

NOTE: If confined because of physical disability, indicate address of confinement. If you will be out of town indicate where to mail the ballot.