

REFERENCE TITLE: public officials; financial disclosure; lobbying

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2761

Introduced by
Representative Court

AN ACT

AMENDING SECTIONS 38-541, 38-542, 38-544, 41-1231, 41-1232.02, 41-1232.03 AND 41-1232.08, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 7, ARTICLE 8.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1232.09; AMENDING SECTION 41-1234.01, ARIZONA REVISED STATUTES; RELATING TO PUBLIC OFFICERS AND LOBBYING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-541, Arizona Revised Statutes, is amended to
3 read:

4 38-541. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Business" includes any enterprise, organization, trade, occupation
7 or profession, whether or not operated as a legal entity or for profit,
8 including any business trust, corporation, partnership, joint venture or sole
9 proprietorship.

10 2. "Compensation" means anything of value or advantage, present or
11 prospective, including the forgiveness of debt.

12 3. "Controlled business" means any business in which the public
13 officer or any member of his household has an ownership or beneficial
14 interest, individually or combined, amounting to more than a fifty per cent
15 interest.

16 4. "Dependent business" means any business in which the public officer
17 or any member of his household has an ownership or beneficial interest,
18 individually or combined, amounting to more than a ten per cent interest, and
19 during the preceding calendar year the business received from a single source
20 more than ten thousand dollars and more than fifty per cent of its gross
21 income.

22 5. "Gift" includes any gratuity, special discount, favor, hospitality,
23 service, economic opportunity, loan or other benefit received without
24 equivalent consideration and not provided to members of the public at large.

25 GIFT DOES NOT INCLUDE:

26 (a) AN ITEM THAT IS NOT USED AND THAT IS RETURNED WITHIN FIFTEEN DAYS
27 OF RECEIPT TO THE DONOR OR THAT IS DELIVERED WITHIN FIFTEEN DAYS OF RECEIPT
28 TO A CHARITABLE ORGANIZATION AND THAT IS NOT CLAIMED AS A CHARITABLE
29 CONTRIBUTION FOR STATE OR FEDERAL INCOME TAX PURPOSES.

30 (b) TRAVEL AND LODGING THAT IS OTHERWISE LAWFULLY RECEIVED.

31 (c) REGISTRATION FOR PARTICIPATION IN INFORMATIONAL OR EDUCATIONAL
32 CONFERENCES AND SEMINARS.

33 (d) GIFTS RECEIVED BY WILL OR BY VIRTUE OF INTESTATE SUCCESSION, OR
34 RECEIVED BY WAY OF DISTRIBUTION FROM ANY INTER VIVOS OR TESTAMENTARY TRUST
35 ESTABLISHED BY A SPOUSE OR AN ANCESTOR.

36 (e) GIFTS RECEIVED FROM ANY OTHER MEMBER OF THE HOUSEHOLD OR RELATIVES
37 TO THE SECOND DEGREE OF CONSANGUINITY.

38 (f) POLITICAL CAMPAIGN CONTRIBUTIONS AND CONTRIBUTIONS TO AN
39 OFFICEHOLDER EXPENSE ACCOUNT IF OTHERWISE PUBLICLY REPORTED AS POLITICAL
40 CAMPAIGN CONTRIBUTIONS OR OFFICEHOLDER EXPENSE ACCOUNT CONTRIBUTIONS AS
41 REQUIRED BY LAW.

42 6. "Local public officer" means a person holding an elective office of
43 an incorporated city or town, a county or a groundwater replenishment
44 district established under title 48, chapter 27.

1 7. "Member of household" means a public officer's spouse and any minor
2 child of whom the public officer has legal custody.

3 8. "Public officer" means a member of the legislature and any judge of
4 the court of appeals or the superior court, or a person holding an elective
5 office the constituency of which embraces the entire geographical limits of
6 this state. Members of Congress are not public officers as defined in this
7 paragraph.

8 Sec. 2. Section 38-542, Arizona Revised Statutes, is amended to read:
9 38-542. Duty to file financial disclosure statement; contents;
10 exceptions

11 A. In addition to other statements and reports required by law, every
12 public officer, as a matter of public record, shall file with the secretary
13 of state on a form prescribed by the secretary of state a verified financial
14 disclosure statement covering the preceding ~~calendar year~~ SIX MONTHS. The
15 statement shall disclose:

16 1. The name and address of the public officer and each member of his
17 household and all names and addresses under which each does business.

18 2. The name and address of each employer and of each other source of
19 compensation other than gifts amounting to more than one thousand dollars
20 received during the preceding ~~calendar year~~ SIX MONTHS by the public officer
21 and members of his household in their own names, or by any other person for
22 the use or benefit of the public officer or members of his household, a
23 description of the services for which the compensation was received and the
24 nature of the employer's business. This paragraph shall not be construed to
25 require the disclosure of individual items of compensation that constituted a
26 portion of the gross income of the business from which the public officer or
27 members of his household derived compensation.

28 3. For a controlled business, a description of the goods or services
29 provided by the business, and if any single source of compensation to the
30 business during the preceding ~~calendar year~~ SIX MONTHS amounts to more than
31 ten thousand dollars and is more than twenty-five per cent of the gross
32 income of the business, the disclosure shall also include a description of
33 the goods or services provided to the source of compensation. For a
34 dependent business the statement shall disclose a description of the goods or
35 services provided by the business and a description of the goods or services
36 provided to the source of compensation from which the dependent business
37 derived the amount of gross income described in section 38-541, paragraph 4.
38 If the source of compensation for a controlled or dependent business is a
39 business, the statement shall disclose a description of the business
40 activities engaged in by the source of compensation.

41 4. The names and addresses of all businesses and trusts in which the
42 public officer or members of his household, or any other person for the use
43 or benefit of the public officer or members of his household, had an
44 ownership or beneficial interest of over one thousand dollars at any time
45 during the preceding ~~calendar year~~ SIX MONTHS, and the names and addresses of

1 all businesses and trusts in which the public officer or any member of his
2 household held any office or had a fiduciary relationship at any time during
3 the preceding ~~calendar-year~~ SIX MONTHS, together with the amount or value of
4 the interest and a description of the interest, office or relationship.

5 5. All Arizona real property interests and real property improvements,
6 including specific location and approximate size, in which the public
7 officer, any member of his household or a controlled or dependent business
8 held legal title or a beneficial interest at any time during the preceding
9 ~~calendar-year~~ SIX MONTHS, and the value of any such interest, except that
10 this paragraph does not apply to a real property interest and improvements
11 thereon used as the primary personal residence or for the personal
12 recreational use of the public officer. If a public officer, any member of
13 his household or a controlled or dependent business acquired or divested any
14 such interest during the preceding ~~calendar-year~~ SIX MONTHS, he shall also
15 disclose that the transaction was made and the date it occurred. If the
16 controlled or dependent business is in the business of dealing in real
17 property interests or improvements, disclosure need not include individual
18 parcels or transactions as long as the aggregate value of all parcels of such
19 property is reported.

20 6. The names and addresses of all creditors to whom the public officer
21 or members of his household, in their own names or in the name of any other
22 person, owed a debt of more than one thousand dollars or to whom a controlled
23 business or a dependent business owed a debt of more than ten thousand
24 dollars which was also more than thirty per cent of the total business
25 indebtedness at any time during the preceding ~~calendar-year~~ SIX MONTHS,
26 listing each such creditor. This paragraph shall not be construed to require
27 the disclosure of debts owed by the public officer or any member of his
28 household resulting from the ordinary conduct of a business other than a
29 controlled or dependent business nor shall disclosure be required of credit
30 card transactions, retail installment contracts, debts on residences or
31 recreational property exempt from disclosure under paragraph 5 of this
32 subsection, debts on motor vehicles not used for commercial purposes, debts
33 secured by cash values on life insurance or debts owed to relatives. It is
34 sufficient disclosure of a creditor if the name and address of a person to
35 whom payments are made is disclosed. If the public officer, any member of
36 his household or a controlled or dependent business incurred or discharged a
37 debt which is reportable under this subsection during the preceding ~~calendar~~
38 ~~year~~ SIX MONTHS, the report shall disclose that the transaction was made and
39 the date it occurred.

40 7. The identification and amount of each debt exceeding one thousand
41 dollars owed at any time during the preceding ~~calendar-year~~ SIX MONTHS to the
42 public officer and members of his household in their own names, or to any
43 other person for the use or benefit of the public officer or any member of
44 his household. The disclosure shall include the identification and amount of
45 each debt exceeding ten thousand dollars to a controlled business or

1 dependent business which was also more than thirty per cent of the total
2 indebtedness to the business at any time during the preceding ~~calendar year~~
3 **SIX MONTHS**. This paragraph shall not be construed to require the disclosure
4 of debts from the ordinary conduct of a business other than a controlled or
5 dependent business. If the public officer, any member of his household or a
6 controlled or dependent business incurred or discharged a debt which is
7 reportable under this subsection during the preceding ~~year~~ **SIX MONTHS**, the
8 report shall disclose that the transaction was made and the date it occurred.

9 8. The name of each source of any gift, or accumulated gifts from a
10 single source, of more than five hundred dollars received by the public
11 officer and members of his household in their own names during the preceding
12 ~~calendar year~~ **SIX MONTHS**, or by any other person for the use or benefit of
13 the public officer or any member of his household except gifts received by
14 will or by virtue of intestate succession, or received by way of distribution
15 from any inter vivos or testamentary trust established by a spouse or by an
16 ancestor, or gifts received from any other member of the household or
17 relatives to the second degree of consanguinity. Political campaign
18 contributions **AND CONTRIBUTIONS TO AN OFFICEHOLDER EXPENSE ACCOUNT** shall not
19 be construed as gifts if otherwise publicly reported as political campaign
20 contributions **OR OFFICEHOLDER EXPENSE ACCOUNT CONTRIBUTIONS** as required by
21 law.

22 9. A list of all business licenses issued to, held by or in which the
23 public officer or any member of his household had an interest at any time
24 during the preceding ~~calendar year~~ **SIX MONTHS**, including the name in which
25 the license was issued, the type of business and its location.

26 10. A list of all bonds, together with their value, issued by this
27 state or any political subdivision of this state and held at any time during
28 the preceding ~~calendar year~~ **SIX MONTHS** by the public officer or any member of
29 his household, which bonds issued by a single entity had a value in excess of
30 one thousand dollars. If the public officer or any member of his household
31 acquired or divested any bonds during the preceding ~~calendar year~~ **SIX MONTHS**
32 which are reportable under this paragraph, the fact that the transaction
33 occurred and the date shall also be shown.

34 **11. A DESCRIPTION OF ANY BENEFIT RECEIVED IN THE FORM OF AN EXPENDITURE**
35 **MADE FOR TRAVEL AND LODGING THAT IS OTHERWISE LAWFULLY RECEIVED BY A PUBLIC**
36 **OFFICER AS PRESCRIBED IN TITLE 41, CHAPTER 7, ARTICLE 8.1.**

37 B. If an amount or value is required to be reported pursuant to this
38 section, it is sufficient to report whether the amount or value of the equity
39 interest falls within:

- 40 1. Category 1, one thousand dollars to twenty-five thousand dollars.
- 41 2. Category 2, more than twenty-five thousand dollars to one hundred
42 thousand dollars.
- 43 3. Category 3, more than one hundred thousand dollars.

44 C. This section does not require the disclosure of any information
45 that is privileged by law.

1 D. The statement required to be filed pursuant to subsection A OF THIS
2 SECTION shall be filed by all persons who qualified as public officers at any
3 time during the preceding ~~calendar year~~ SIX MONTHS on or before January 31 ~~of~~
4 AND JUNE 30 each year with the exceptions that a public officer appointed to
5 fill a vacancy shall, within sixty days following his taking of such office,
6 file a financial disclosure statement covering as his ~~annual~~ REPORTING period
7 the ~~twelve~~ SIX month period ending with the last full month prior to the date
8 of his taking office, and a public officer whose final term expires less than
9 thirty-one days into the immediately following calendar year may file the
10 public officer's final financial disclosure at the same time as the
11 disclosure for the last immediately preceding ~~year~~ REPORTING PERIOD.

12 E. The secretary of state shall prepare written guidelines, forms and
13 samples for completing the financial disclosure statement required by this
14 section AND SHALL PROVIDE FOR THE ELECTRONIC FILING AND PROMPT POSTING OF
15 DISCLOSURE STATEMENTS AND ANY AMENDMENTS FOR PUBLIC VIEWING ON THE SECRETARY
16 OF STATE'S WEBSITE. A copy of the guidelines, forms and samples shall be
17 distributed to each public officer and shall be made available to each
18 candidate required to file a financial disclosure statement pursuant to
19 section 38-543.

20 Sec. 3. Section 38-544, Arizona Revised Statutes, is amended to read:
21 38-544. Violation; classification; amended filings

22 A. Any public officer, local public officer or candidate who knowingly
23 fails to file a financial disclosure statement required pursuant to section
24 38-542, 38-543 or 38-545, who knowingly files an incomplete financial
25 disclosure statement or who knowingly files a false financial disclosure
26 statement is guilty of a class 1 misdemeanor. A PUBLIC OFFICER, LOCAL PUBLIC
27 OFFICER OR CANDIDATE MAY FILE AN AMENDED FINANCIAL DISCLOSURE STATEMENT
28 PROMPTLY AFTER DETERMINING THAT A FILING MAY HAVE BEEN INCOMPLETE OR
29 INCORRECT. THE FILING OF AN AMENDED FINANCIAL DISCLOSURE STATEMENT SHALL NOT
30 CREATE A PRESUMPTION THAT THE PERSON KNOWINGLY FILED A FALSE OR INCOMPLETE
31 STATEMENT.

32 B. Any public officer, local public officer or candidate who violates
33 this chapter is subject to a civil penalty of fifty dollars for each day of
34 noncompliance but not more than five hundred dollars that may be imposed as
35 prescribed in section 16-924.

36 Sec. 4. Section 41-1231, Arizona Revised Statutes, is amended to read:
37 41-1231. Definitions

38 In this article, unless the context otherwise requires:

39 1. "Authorized lobbyist" means any person, other than a designated
40 lobbyist or lobbyist for compensation, who is employed by, retained by or
41 representing a principal with or without compensation for the purpose of
42 lobbying and who is listed as an authorized lobbyist by the principal in its
43 registration pursuant to section 41-1232.

44 2. "Authorized public lobbyist" means a person, other than a
45 designated public lobbyist, who is employed by, retained by or representing a

1 public body, with or without compensation, for the purpose of lobbying and
2 who is listed as an authorized public lobbyist by the public body in its
3 registration pursuant to section 41-1232.01.

4 3. "Designated lobbyist" means the person who is designated by a
5 principal as the single point of contact for the principal and who is listed
6 as the designated lobbyist by the principal in its registration pursuant to
7 section 41-1232.

8 4. "Designated public lobbyist" means the person who is designated by
9 a public body as the single point of contact for the public body and who is
10 listed as the designated public lobbyist by the public body in its
11 registration pursuant to section 41-1232.01.

12 5. "Entertainment" means the amount of any expenditure paid or
13 incurred for admission to any sporting or cultural event or for participation
14 in any sporting or cultural activity.

15 6. "Expenditure" means a payment, distribution, loan, advance, deposit
16 or gift of money or anything of value and includes a contract, promise or
17 agreement, whether or not legally enforceable, to make an expenditure that
18 provides a benefit to an individual state officer or state employee and that
19 is incurred by or on behalf of one or more principals, public bodies,
20 lobbyists, designated public lobbyists or authorized public lobbyists.

21 7. "Family gift" means a gift to a state officer or employee or a
22 member of the officer's or employee's household from a principal, lobbyist,
23 designated public lobbyist or authorized public lobbyist who is a relative of
24 the state officer or employee or a member of the household of the state
25 officer or employee if the donor is not acting as the agent or intermediary
26 for someone other than a person covered by this paragraph.

27 8. "Food or beverage" means the amount of any expenditure paid or
28 incurred for food or beverages for a state officer or employee provided at a
29 location at which the principal, public body, lobbyist, designated public
30 lobbyist or authorized public lobbyist who made the expenditure is present.

31 9. "Gift" means a payment, distribution, expenditure, advance, deposit
32 or donation of money, any intangible personal property or any kind of
33 tangible personal or real property. For [THE](#) purposes of this article gift
34 does not include:

35 (a) A gift, devise or inheritance from an individual's spouse, child,
36 parent, grandparent, grandchild, brother, sister, parent-in-law,
37 brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin or
38 the spouse of any such individual if the donor is not acting as the agent or
39 intermediary for someone other than a person covered by this subdivision.

40 (b) Expenditures which are either properly reported or exempt from
41 reporting under this chapter for:

- 42 (i) A speaking engagement.
- 43 (ii) Food or beverages.
- 44 (iii) Travel and lodging.
- 45 (iv) Flowers.

1 (v) REGISTRATION FEES FOR PARTICIPATION IN INFORMATIONAL OR
2 EDUCATIONAL CONFERENCES OR SEMINARS.

3 (c) Salary, compensation or employer reimbursed expenses lawfully paid
4 to a public official.

5 (d) The value, cost or price of professional or consulting services
6 that are not rendered to obtain a benefit for any registered principal,
7 public body, lobbyist, designated public lobbyist or authorized public
8 lobbyist or the clients of a principal or lobbyist.

9 (e) Expenses relating to a special event or function to which all
10 members of the legislature, either house of the legislature or any committee
11 of the legislature are invited.

12 (f) A plaque or other form of recognition similar to a plaque to a
13 state officer or state employee to signify the honorary recognition of a
14 service or other notable accomplishment.

15 (g) Informational material such as books, reports, pamphlets,
16 calendars or periodicals.

17 (h) An item that is not used and that is returned within fifteen days
18 of receipt to the donor or that is delivered within fifteen days of receipt
19 to a charitable organization and that is not claimed as a charitable
20 contribution for state or federal income tax purposes.

21 (i) A campaign contribution that is properly received and reported as
22 required by law, AND ANY CONTRIBUTION TO AN OFFICEHOLDER EXPENSE ACCOUNT THAT
23 IS PROPERLY RECEIVED AND REPORTED BY THE OFFICEHOLDER AS PRESCRIBED IN
24 SECTION 41-133.

25 (j) An item that is given to a state officer or employee if the state
26 officer or employee gives an item of approximately the same value to the
27 giver of the item at the same time that the item is given or on a similar
28 occasion as the one that prompted the original item to be given.

29 (k) Gifts of a personal nature that were customarily received by an
30 individual from the donor before the individual became a state officer or
31 employee.

32 (l) An item that is given to the general public at an event.

33 10. "Legislation" means bills, resolutions, memorials, amendments,
34 nominations and other matters that are pending or proposed in either house of
35 the legislature of this state or, for the purposes of bonding, ~~lobbying for~~
36 any matter pending or proposed before a school district governing board.

37 11. "Lobbying" means attempting to influence the passage or defeat of
38 any legislation by directly communicating with any legislator OR THE
39 GOVERNOR, or in the case of bonding, lobbyists directly communicating with
40 any school district employee or a school district governing board member, or
41 attempting to influence any formal rule making proceeding pursuant to chapter
42 6 of this title or rule making proceedings that are exempt from chapter 6 of
43 this title by directly communicating with any state officer or employee.
44 Lobbying does not include:

1 (a) Interagency communications between state agency employees.

2 (b) Communications between a public official or employee of a public
3 body, designated public lobbyist or authorized public lobbyist and any state
4 officer, except for a member of the legislature, **THE GOVERNOR**, or an employee
5 of the legislature **OR THE GOVERNOR'S OFFICE**.

6 (c) Oral questions or comments made by a person to a state officer or
7 employee regarding a proposed rule and made in public at a meeting or
8 workshop that is open to the public and that is sponsored by a state agency,
9 board, commission, council or office.

10 12. "Lobbyist" means any person, other than a designated public
11 lobbyist or authorized public lobbyist, who is employed by, retained by or
12 representing a person other than himself, with or without compensation, for
13 the purpose of lobbying and who is listed as a lobbyist by the principal in
14 its registration pursuant to section 41-1232. Lobbyist includes a lobbyist
15 for compensation, designated lobbyist and authorized lobbyist. Lobbyist
16 includes attorneys whose practice involves bonding, underwriters of bonds and
17 investment bankers whose business includes bonding.

18 13. "Lobbyist for compensation" means a lobbyist who is compensated for
19 the primary purpose of lobbying on behalf of a principal and who is listed by
20 the principal in its registration pursuant to section 41-1232.

21 14. "Person" means an individual, partnership, committee, association
22 or corporation and any other organization or group of persons, except
23 legislators and political parties qualified for representation on the ballot
24 pursuant to section 16-801 or 16-804.

25 15. "Personal hospitality" means hospitality, meals, beverages,
26 transportation or lodging furnished but not commercially provided by a person
27 on property or facilities owned or possessed by the person or the person's
28 family.

29 16. "Principal" means any person, other than a public body, that
30 employs, retains, engages or uses, with or without compensation, a lobbyist.
31 Principal includes any subsidiary of a corporation.

32 17. "Public body" means the Arizona board of regents, a university
33 under the jurisdiction of the Arizona board of regents, the judicial
34 department, any state agency, board, commission or council, any county, any
35 county elected officer who elects to appoint a designated public lobbyist or
36 any city, town, district or other political subdivision of this state that
37 receives and utilizes tax revenues and that employs, retains, engages or
38 uses, with or without compensation, a designated public lobbyist or
39 authorized public lobbyist.

40 18. "Public official" means a person who is duly elected, appointed or
41 retained through election to an elected state, county or local office.

42 19. "Single expenditure" means an expenditure that provides a benefit
43 of more than twenty dollars to an individual state officer or state employee
44 and that is incurred by or on behalf of one or more principals, public

1 bodies, lobbyists, designated public lobbyists or authorized public
2 lobbyists.

3 20. "Speaking engagement":

4 (a) Means the amount of any expense paid or incurred for entrance
5 fees, lodging, food and beverage, ~~entertainment,~~ travel and other expenses
6 for the state officer's or employee's attendance at an event, committee,
7 meeting, conference or seminar, including meetings of state, regional or
8 national organizations or their committees concerned with legislative or
9 governmental activities if the state officer or employee participates in the
10 event as a speaker ~~or panel participant~~ by presenting information relating to
11 the state officer's or employee's legislative or official duties ~~or by~~
12 ~~performing a ceremonial function appropriate to the state officer's or~~
13 ~~employee's position.~~

14 (b) Does not include expenditures for an honorarium or any other
15 similar fee paid to a speaker.

16 21. "State employee" means an employee of the legislature, a university
17 under the jurisdiction of the Arizona board of regents, the judicial
18 department or a state office, agency, board, commission or council.

19 22. "State officer" means a person who is duly elected, appointed or
20 retained through election to any state office, or a member of any state
21 board, commission or council, and includes a member of the legislature.

22 Sec. 5. Section 41-1232.02, Arizona Revised Statutes, is amended to
23 read:

24 41-1232.02. Expenditure reporting; principals and lobbyists;
25 gifts

26 A. Each principal shall report annually all single expenditures,
27 whether or not the expenditures were made in the course of lobbying. These
28 single expenditures shall be itemized separately, and each itemization shall
29 include the date of the expenditure, the amount of the expenditure, the name
30 of each state officer or employee receiving or benefitting from the
31 expenditure, the category of the expenditure and the name of the lobbyist or
32 other person who made the expenditure on behalf of the principal. In
33 addition each principal shall report annually the aggregate of all
34 expenditures of twenty dollars or less received by or benefitting a state
35 officer or employee, whether or not the expenditures were made in the course
36 of lobbying. The report shall be filed by March 1 and shall list the annual
37 expenditures made on behalf of the principal. If March 1 is a Saturday,
38 Sunday or other legal holiday, the report shall be filed on the next business
39 day.

40 B. Each lobbyist for compensation and designated lobbyist shall report
41 quarterly all single expenditures incurred in the preceding calendar quarter
42 by the lobbyist for compensation or designated lobbyist, whether or not the
43 single expenditures were made in the course of lobbying. These single
44 expenditures shall be itemized separately, and each itemization shall include
45 the date of the expenditure, the amount of the expenditure, the name of the

1 state officer or employee receiving or benefitting from the expenditure, the
2 category of the expenditure and the principal on whose behalf the expenditure
3 was made. If the expenditure was made by the lobbyist and was not made on
4 behalf of a principal, it shall be itemized separately. The quarterly report
5 shall be filed no later than the last day of the month following the end of
6 the calendar quarter, unless the last day of the month is a Saturday, Sunday
7 or other legal holiday. In that case, the report shall be filed on the next
8 business day.

9 C. Each lobbyist for compensation and designated lobbyist shall also
10 report quarterly the aggregate of all expenditures of twenty dollars or less
11 received by or benefitting a state officer or employee, whether or not the
12 expenditures were made in the course of lobbying. The report shall list
13 separately the aggregate of expenditures made on behalf of each principal and
14 the aggregate not made on behalf of any principal. In the fourth calendar
15 quarter, these expenditures shall also be listed by cumulative total for the
16 calendar year. Each quarterly lobbyist report shall include all reportable
17 expenditures made by any employee of the lobbyist for compensation or
18 designated lobbyist, regardless of whether that employee is listed as a
19 lobbyist on any registration filed by a principal engaging the lobbyist. The
20 quarterly report shall be filed no later than the last day of the month
21 following the end of the calendar quarter, unless the last day of the month
22 is a Saturday, Sunday or other legal holiday. In that case, the report shall
23 be filed the next business day.

24 D. The reports required by subsections A and B of this section shall
25 identify each single expenditure according to the following categories:

- 26 1. Food or beverages.
- 27 2. Speaking engagement.
- 28 3. Travel and lodging.
- 29 4. Flowers.
- 30 5. Other expenditures.

31 E. Expenditures by principals and lobbyists such as those for the
32 lobbyist's personal sustenance, office expenses, filing fees, legal fees,
33 employees' compensation, lodging and travel are not required to be reported.
34 In addition, expenditures by a principal or a lobbyist for ~~family gifts,~~
35 personal hospitality or those items excluded from the definition of gift
36 pursuant to section 41-1231, paragraph 9, subdivision (a), (c), (d), (f),
37 (g), (h), (i), (j), (k) or (l) are not required to be reported.

38 F. All expenditures incurred by a principal or lobbyist in the case of
39 special events for legislators, including parties, dinners, ~~athletic events,~~
40 ~~entertainment~~ and other functions, to which all members of the legislature,
41 either house of the legislature or any committee of the legislature are
42 invited shall be reported. Expenditures are not required to be allocated to
43 individual legislators, but for each such event a description of the event
44 and the date, location, name of the legislative body invited and total
45 expenditures incurred shall be reported. Expenditures for special events

1 held in conjunction with state, national or regional meetings of an
2 organization or association concerned or dealing with legislative or other
3 governmental activities to which all state officers or state employees in
4 attendance at such event are invited shall be reported in the same manner.

5 G. All information required to be filed pursuant to this section with
6 the secretary of state shall be filed in that office and preserved by the
7 secretary of state for five years from the date of filing, after which time
8 the information shall be destroyed. The information is a public record and
9 open to public inspection.

10 H. If a principal, lobbyist for compensation or designated lobbyist
11 makes no expenditures that it would otherwise be required to report during a
12 specified reporting period, the principal, lobbyist for compensation or
13 designated lobbyist may sign a notarized form prescribed by the secretary of
14 state indicating that there were no expenditures during the specific
15 reporting period.

16 I. A person or organization shall not make a gift to or an expenditure
17 on behalf of a state officer or STATE employee through another person or
18 organization for the purpose of disguising the identity of the person making
19 the gift or expenditure.

20 ~~J. A principal or lobbyist or any other person acting on behalf of a~~
21 ~~principal or lobbyist shall not give to any state officer or state employee~~
22 ~~and a state officer or state employee shall not accept from a principal or~~
23 ~~lobbyist either of the following:~~

24 ~~1. Gifts with a total value of more than ten dollars during any~~
25 ~~calendar year.~~

26 ~~2. Gifts that are designed to influence the state officer's or state~~
27 ~~employee's official conduct.~~

28 J. A PRINCIPAL OR LOBBYIST OR ANY OTHER PERSON ACTING ON BEHALF OF THE
29 PRINCIPAL OR LOBBYIST SHALL NOT MAKE A GIFT TO OR AN EXPENDITURE FOR THE
30 BENEFIT OF A MEMBER OF THE HOUSEHOLD OF ANY STATE OFFICER OR STATE EMPLOYEE
31 IF THAT GIFT OR EXPENDITURE IS PROHIBITED FROM BEING DIRECTLY GIVEN TO OR
32 EXPENDED FOR THE BENEFIT OF THE STATE OFFICER OR STATE EMPLOYEE.

33 K. THE REPORTS REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL
34 INCLUDE THE STATEMENT THAT THE SIGNER HAS READ THE APPLICABLE LAWS RELATING
35 TO LOBBYISTS AND LOBBYING.

36 Sec. 6. Section 41-1232.03, Arizona Revised Statutes, is amended to
37 read:

38 41-1232.03. Expenditure reporting; public bodies and public
39 lobbyists; gifts

40 A. Each public body shall report annually all single expenditures
41 received by or benefitting a member of the legislature whether or not the
42 expenditures were made in the course of lobbying. These expenditures shall
43 be itemized separately, and each itemization shall include the date of the
44 expenditure, the amount of the expenditure, the name of each member of the
45 legislature receiving or benefitting from the expenditure, the category of

1 the expenditure and the name of the designated public lobbyist or authorized
2 public lobbyist who made the expenditure on behalf of the public body. In
3 addition each public body shall report annually the aggregate of all
4 expenditures of twenty dollars or less received by or benefitting a member of
5 the legislature, whether or not the expenditures were made in the course of
6 lobbying. The report shall list all expenditures by the public body made in
7 the course of lobbying for the personal sustenance, filing fee, legal fees,
8 employees' compensation, meals, lodging and travel of the designated public
9 lobbyist and all authorized public lobbyists employed or retained by, and
10 representing, the public body. The public body shall apportion expenditures
11 that are attributable both to lobbying and to other activities of the public
12 body and shall report only the portion attributable to lobbying. For the
13 purpose of reporting employee compensation, a public body, on establishing a
14 time allocation schedule for apportioned lobbying activity based on actual
15 experience under this article, may submit after the 1993 calendar year an
16 affidavit to the secretary of state stating the compensation attributable to
17 lobbying for subsequent years for the designated public lobbyist and all
18 authorized public lobbyists whose job responsibilities have not been
19 significantly altered since the time allocation schedule was established.
20 The report shall be filed by March 1 and shall list the annual expenditures
21 made on behalf of the public body. If March 1 is a Saturday, Sunday or other
22 legal holiday, the report shall be filed on the next business day.

23 B. Each designated public lobbyist shall report quarterly all single
24 expenditures received by or benefitting a member of the legislature and
25 incurred in the preceding calendar quarter by the designated public lobbyist,
26 whether or not the single expenditures were made in the course of lobbying.
27 Each designated public lobbyist's report shall also include all single
28 expenditures incurred in the preceding calendar quarter by each authorized
29 public lobbyist who is registered pursuant to section 41-1232.01 by the same
30 public body that registered the designated public lobbyist. This subsection
31 does not apply to an expenditure that was made by a designated public
32 lobbyist or authorized public lobbyist and that was received by or benefitted
33 an employee of a public body, if the employee is not a member or employee of
34 the legislature or a member of the household of a member or employee of the
35 legislature. These expenditures shall be itemized separately, and each
36 itemization shall include the date of the expenditure, the amount of the
37 expenditure, the name of the member or employee receiving or benefitting from
38 the expenditure, the category of the expenditure and the public body on whose
39 behalf the expenditure was made. If the expenditure was made by the
40 designated public lobbyist or authorized public lobbyist and was not made on
41 behalf of a public body, it shall be itemized separately. The quarterly
42 report shall be filed no later than the last day of the month following the
43 end of the calendar quarter, unless the last day of the month is a Saturday,
44 Sunday or other legal holiday. In that case, the report shall be filed on
45 the next business day.

1 C. Each designated public lobbyist shall also report quarterly the
2 aggregate of all expenditures of twenty dollars or less received by or
3 benefitting a member of the legislature, whether or not the expenditures were
4 made in the course of lobbying. Each designated public lobbyist's report
5 shall also include the aggregate of all expenditures of twenty dollars or
6 less that were received by or benefitted a member of the legislature and that
7 were made by an authorized public lobbyist who is registered pursuant to
8 section 41-1232.01 by the same public body that registered the designated
9 public lobbyist. This subsection does not apply to an expenditure that was
10 made by a designated public lobbyist or authorized public lobbyist and that
11 was received by or benefitted an employee of a public body, if the employee
12 is not a member or employee of the legislature or a member of the household
13 of a member or employee of the legislature. The report shall list separately
14 the aggregate of expenditures made on behalf of each public body and the
15 aggregate not made on behalf of any public body. In the fourth calendar
16 quarter, these expenditures shall also be listed by cumulative total for the
17 calendar year. Each quarterly lobbyist report shall include all reportable
18 expenditures made by any employee of the designated public lobbyist or
19 authorized public lobbyist, regardless of whether that employee is listed as
20 a designated public lobbyist or authorized public lobbyist on any
21 registration filed by a public body engaging the designated public lobbyist
22 or authorized public lobbyist. The quarterly report shall be filed no later
23 than the last day of the month following the end of the calendar quarter,
24 unless the last day of the month is a Saturday, Sunday or other legal
25 holiday. In that case, the report shall be filed on the next business day.

26 D. The reports required by subsections A and B of this section shall
27 identify the nature of each single expenditure according to the following
28 categories:

- 29 1. Food or beverages.
- 30 2. Speaking engagement.
- 31 3. Travel and lodging.
- 32 4. Flowers.
- 33 5. Other expenditures.

34 E. Expenditures by a public body, designated public lobbyist or
35 authorized public lobbyist for personal sustenance, ~~family gifts~~, personal
36 hospitality or those items excluded from the definition of gift pursuant to
37 section 41-1231, paragraph 9, subdivision (a), (c), (d), (f), (g), (h), (i),
38 (j), (k) or (l) are not required to be reported.

39 F. All expenditures incurred by a public body, designated public
40 lobbyist or authorized public lobbyist in the case of special events for
41 legislators, including parties, dinners, ~~athletic events, entertainment~~
42 and other functions, to which all members of the legislature, either house of the
43 legislature or any committee of the legislature are invited shall be
44 reported. Expenditures are not required to be allocated to individual
45 legislators, but for each such event a description of the event and the date,

1 location, name of the legislative body invited and total expenditures
2 incurred shall be reported. Expenditures for special events held in
3 conjunction with state, national or regional meetings of an organization or
4 association concerned or dealing with legislative or other governmental
5 activities to which all members or employees of the legislature in attendance
6 at such event are invited shall be reported in the same manner.

7 G. All information required to be filed pursuant to this section with
8 the secretary of state shall be filed in that office and preserved by the
9 secretary of state for five years from the date of filing, after which time
10 the information shall be destroyed. The information is a public record and
11 open to public inspection.

12 H. If a public body or designated public lobbyist makes no
13 expenditures that it would otherwise be required to report during a specified
14 reporting period, the public body or designated public lobbyist may sign a
15 notarized form prescribed by the secretary of state indicating that there
16 were no expenditures during the specific reporting period.

17 I. A person or organization shall not make a gift to or an expenditure
18 on behalf of a member or employee of the legislature through another person
19 or organization for the purpose of disguising the identity of the person
20 making the gift or expenditure.

21 ~~J. A public body, designated public lobbyist or authorized public~~
22 ~~lobbyist or any other person acting on behalf of a public body, designated~~
23 ~~public lobbyist or authorized public lobbyist shall not give to any member of~~
24 ~~the legislature and a member of the legislature shall not accept from a~~
25 ~~public body, designated public lobbyist or authorized public lobbyist either~~
26 ~~of the following:~~

27 ~~1. Gifts with a total value of more than ten dollars during any~~
28 ~~calendar year.~~

29 ~~2. Gifts that are designed to influence the member's or employee's~~
30 ~~official conduct.~~

31 ~~K. Subsection J of this section does not apply to gifts given by a~~
32 ~~public body, designated public lobbyist or authorized public lobbyist to an~~
33 ~~employee of a public body, if the employee is not a public official or a~~
34 ~~member of the household of a public official or if the gift is accepted on~~
35 ~~behalf of the public body and remains the property of the public body.~~

36 J. A PUBLIC BODY, DESIGNATED PUBLIC LOBBYIST OR AUTHORIZED PUBLIC
37 LOBBYIST OR ANY OTHER PERSON ACTING ON BEHALF OF A PUBLIC BODY, DESIGNATED
38 PUBLIC LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST SHALL NOT MAKE A GIFT TO OR AN
39 EXPENDITURE FOR THE BENEFIT OF A MEMBER OF THE HOUSEHOLD OF ANY STATE OFFICER
40 OR STATE EMPLOYEE IF THAT GIFT OR EXPENDITURE IS PROHIBITED FROM BEING
41 DIRECTLY GIVEN TO OR EXPENDED FOR THE BENEFIT OF THE STATE OFFICER OR STATE
42 EMPLOYEE.

43 K. THE REPORTS REQUIRED TO BE FIELD PURSUANT TO THIS SECTION SHALL
44 INCLUDE THE STATEMENT THAT THE SIGNER HAS READ THE APPLICABLE LAWS RELATING
45 TO LOBBYISTS AND LOBBYING.

1 Sec. 8. Title 41, chapter 7, article 8.1, Arizona Revised Statutes, is
2 amended by adding section 41-1232.09, to read:

3 41-1232.09. Gift ban

4 A. A PRINCIPAL OR LOBBYIST OR ANY OTHER PERSON ACTING ON BEHALF OF A
5 PRINCIPAL OR LOBBYIST SHALL NOT GIVE TO ANY STATE OFFICER OR STATE EMPLOYEE
6 AND A STATE OFFICER OR STATE EMPLOYEE SHALL NOT ACCEPT FROM A PRINCIPAL OR
7 LOBBYIST EITHER OF THE FOLLOWING:

8 1. GIFTS WITH A TOTAL VALUE OF MORE THAN TEN DOLLARS DURING ANY
9 CALENDAR YEAR.

10 2. GIFTS THAT ARE DESIGNED TO INFLUENCE THE STATE OFFICER'S OR STATE
11 EMPLOYEE'S OFFICIAL CONDUCT.

12 B. A PUBLIC BODY, DESIGNATED PUBLIC LOBBYIST OR AUTHORIZED PUBLIC
13 LOBBYIST OR ANY OTHER PERSON ACTING ON BEHALF OF A PUBLIC BODY, DESIGNATED
14 PUBLIC LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST SHALL NOT GIVE TO ANY MEMBER OF
15 THE LEGISLATURE AND A MEMBER OF THE LEGISLATURE SHALL NOT ACCEPT FROM A
16 PUBLIC BODY, DESIGNATED PUBLIC LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST EITHER
17 OF THE FOLLOWING:

18 1. GIFTS WITH A TOTAL VALUE OF MORE THAN TEN DOLLARS DURING ANY
19 CALENDAR YEAR.

20 2. GIFTS THAT ARE DESIGNED TO INFLUENCE THE MEMBER'S OR EMPLOYEE'S
21 OFFICIAL CONDUCT.

22 C. SUBSECTION B DOES NOT APPLY TO GIFTS GIVEN BY A PUBLIC BODY,
23 DESIGNATED PUBLIC LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST TO AN EMPLOYEE OF A
24 PUBLIC BODY, IF THE EMPLOYEE IS NOT A PUBLIC OFFICIAL OR A MEMBER OF THE
25 HOUSEHOLD OF A PUBLIC OFFICIAL OR IF THE GIFT IS ACCEPTED ON BEHALF OF THE
26 PUBLIC BODY AND REMAINS THE PROPERTY OF THE PUBLIC BODY.

27 Sec. 9. Section 41-1234.01, Arizona Revised Statutes, is amended to
28 read:

29 41-1234.01. Contributions prohibited during session; exceptions

30 A. While registered under this article, a principal, public body,
31 lobbyist, designated public lobbyist or authorized public lobbyist shall not
32 make or promise to make a campaign contribution to or solicit or promise to
33 solicit campaign contributions for:

34 1. A member of the legislature when the legislature is in regular **OR**
35 **SPECIAL** session.

36 2. The governor when the legislature is in regular **OR SPECIAL** session
37 or when regular **OR SPECIAL** session legislation is pending executive approval
38 or veto.

39 B. Subsection A only prohibits campaign contributions by principals,
40 lobbyists, designated public lobbyists or authorized public lobbyists and the
41 solicitation of campaign contributions by principals or lobbyists during any
42 time that the legislature is in regular **OR SPECIAL** session but does not
43 prohibit principals or lobbyists from raising monies for any other purpose
44 during the regular **OR SPECIAL** session of the legislature.