

REFERENCE TITLE: disclosures; lobbyist; gifts; public officers

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

## **HB 2256**

Introduced by  
Representatives Campbell, Gallego, Quezada: Alston

### **AN ACT**

AMENDING SECTIONS 38-541, 38-542, 38-543 AND 38-544, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 3.1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-546; AMENDING SECTIONS 41-1231, 41-1232.02, 41-1232.03 AND 41-1232.08, ARIZONA REVISED STATUTES; RELATING TO DISCLOSURE BY PUBLIC OFFICERS AND LOBBYISTS.

(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~~ MEANS any gratuity, special discount, favor,  
23 hospitality, service, economic opportunity, loan, PAYMENT, DISTRIBUTION,  
24 EXPENDITURE, ADVANCE, DEPOSIT OR DONATION OF MONEY, ANY INTANGIBLE PERSONAL  
25 PROPERTY OR ANY KIND OF TANGIBLE PERSONAL OR REAL PROPERTY or other benefit  
26 received without equivalent consideration and not provided to members of the  
27 public at large. FOR THE PURPOSES OF THIS CHAPTER, GIFT DOES NOT INCLUDE:  
28 (a) A GIFT, DEVISE OR INHERITANCE FROM AN INDIVIDUAL'S SPOUSE, CHILD,  
29 PARENT, GRANDPARENT, GRANDCHILD, BROTHER, SISTER, PARENT-IN-LAW,  
30 BROTHER-IN-LAW, SISTER-IN-LAW, NEPHEW, NIECE, AUNT, UNCLE OR FIRST COUSIN OR  
31 THE SPOUSE OF ANY SUCH INDIVIDUAL IF THE DONOR IS NOT ACTING AS THE AGENT OR  
32 INTERMEDIARY FOR SOMEONE OTHER THAN A PERSON COVERED BY THIS SUBDIVISION.  
33 (b) SALARY, COMPENSATION OR EMPLOYER REIMBURSED EXPENSES LAWFULLY PAID  
34 TO A PUBLIC OFFICER.  
35 (c) A PLAQUE OR OTHER FORM OF RECOGNITION SIMILAR TO A PLAQUE TO A  
36 PUBLIC OFFICER OR MEMBER OF THE PUBLIC OFFICER'S HOUSEHOLD TO SIGNIFY THE  
37 HONORARY RECOGNITION OF A SERVICE OR OTHER NOTABLE ACCOMPLISHMENT.  
38 (d) INFORMATIONAL MATERIAL SUCH AS BOOKS, REPORTS, PAMPHLETS,  
39 CALENDARS OR PERIODICALS.  
40 (e) AN ITEM THAT IS NOT USED AND THAT IS RETURNED WITHIN FIFTEEN  
41 CALENDAR DAYS OF RECEIPT TO THE DONOR OR THAT IS DELIVERED WITHIN FIFTEEN  
42 CALENDAR DAYS OF RECEIPT TO A CHARITABLE ORGANIZATION AND THAT IS NOT CLAIMED  
43 AS A CHARITABLE CONTRIBUTION FOR STATE OR FEDERAL INCOME TAX PURPOSES.  
44 (f) A CAMPAIGN CONTRIBUTION OR A CONTRIBUTION TO AN OFFICEHOLDER  
45 EXPENSE ACCOUNT THAT IS PROPERLY RECEIVED AND REPORTED AS REQUIRED BY LAW.

1 (g) AN ITEM THAT IS GIVEN TO A PUBLIC OFFICER OR MEMBER OF THE PUBLIC  
2 OFFICER'S HOUSEHOLD IF THE PUBLIC OFFICER OR MEMBER OF THE HOUSEHOLD GIVES AN  
3 ITEM OF APPROXIMATELY THE SAME VALUE TO THE GIVER OF THE ITEM AT THE SAME  
4 TIME THAT THE ITEM IS GIVEN OR ON A SIMILAR OCCASION AS THE ONE THAT PROMPTED  
5 THE ORIGINAL ITEM TO BE GIVEN.

6 (h) GIFTS OF A PERSONAL NATURE THAT WERE CUSTOMARILY RECEIVED BY AN  
7 INDIVIDUAL FROM THE DONOR BEFORE THE INDIVIDUAL BECAME A PUBLIC OFFICER.

8 (i) AN ITEM THAT IS GIVEN TO THE GENERAL PUBLIC AT AN EVENT.

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

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

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

19 Sec. 2. Section 38-542, Arizona Revised Statutes, is amended to read:  
20 38-542. Duty to file financial disclosure statement; contents;  
21 exceptions

22 A. In addition to other statements and reports required by law, every  
23 public officer, as a matter of public record, shall file ELECTRONICALLY with  
24 the secretary of state on a form prescribed by the secretary of state a  
25 verified financial disclosure statement covering the preceding ~~calendar-year~~  
26 SIX MONTHS. The statement SHALL BE PUBLICLY AVAILABLE ON THE SECRETARY OF  
27 STATE'S WEBSITE AND shall disclose:

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

30 2. The name and address of each employer and of each other source of  
31 compensation other than gifts amounting to more than ~~one-thousand~~ FIVE  
32 HUNDRED dollars received during the preceding ~~calendar-year~~ SIX MONTHS by the  
33 public officer and members of his household in their own names, or by any  
34 other person for the use or benefit of the public officer or members of his  
35 household, a description of the services for which the compensation was  
36 received and the nature of the employer's business. This paragraph shall not  
37 be construed to require the disclosure of individual items of compensation  
38 that constituted a portion of the gross income of the business from which the  
39 public officer or members of his household derived compensation.

40 3. For a controlled business, a description of the goods or services  
41 provided by the business, and if any single source of compensation to the  
42 business during the preceding ~~calendar-year~~ SIX MONTHS amounts to more than  
43 ~~ten~~ FIVE thousand dollars and is more than twenty-five per cent of the gross  
44 income of the business, the disclosure shall also include a description of  
45 the goods or services provided to the source of compensation. For a

1 dependent business the statement shall disclose a description of the goods or  
 2 services provided by the business and a description of the goods or services  
 3 provided to the source of compensation from which the dependent business  
 4 derived the amount of gross income described in section 38-541, paragraph 4.  
 5 If the source of compensation for a controlled or dependent business is a  
 6 business, the statement shall disclose a description of the business  
 7 activities engaged in by the source of compensation.

8 4. The names and addresses of all businesses and trusts in which the  
 9 public officer or members of his household, or any other person for the use  
 10 or benefit of the public officer or members of his household, had an  
 11 ownership or beneficial interest of over ~~one thousand~~ FIVE HUNDRED dollars at  
 12 any time during the preceding ~~calendar year~~ SIX MONTHS, and the names and  
 13 addresses of all businesses and trusts in which the public officer or any  
 14 member of his household held any office or had a fiduciary relationship at  
 15 any time during the preceding ~~calendar year~~ SIX MONTHS, together with the  
 16 amount or value of the interest and a description of the interest, office or  
 17 relationship.

18 5. All Arizona real property interests and real property improvements,  
 19 including specific location and approximate size, in which the public  
 20 officer, any member of his household or a controlled or dependent business  
 21 held legal title or a beneficial interest at any time during the preceding  
 22 ~~calendar year~~ SIX MONTHS, and the value of any such interest, except that  
 23 this paragraph does not apply to a real property interest and improvements  
 24 thereon used as the primary personal residence or for the personal  
 25 recreational use of the public officer. If a public officer, any member of  
 26 his household or a controlled or dependent business acquired or divested any  
 27 such interest during the preceding ~~calendar year~~ SIX MONTHS, he shall also  
 28 disclose that the transaction was made and the date it occurred. If the  
 29 controlled or dependent business is in the business of dealing in real  
 30 property interests or improvements, disclosure need not include individual  
 31 parcels or transactions as long as the aggregate value of all parcels of such  
 32 property is reported.

33 6. The names and addresses of all creditors to whom the public officer  
 34 or members of his household, in their own names or in the name of any other  
 35 person, owed a debt of more than ~~one thousand~~ FIVE HUNDRED dollars or to whom  
 36 a controlled business or a dependent business owed a debt of more than ~~ten~~  
 37 FIVE thousand dollars ~~which~~ THAT was also more than thirty per cent of the  
 38 total business indebtedness at any time during the preceding ~~calendar year~~  
 39 SIX MONTHS, listing each such creditor. This paragraph shall not be construed  
 40 to require the disclosure of debts owed by the public officer or any member  
 41 of his household resulting from the ordinary conduct of a business other than  
 42 a controlled or dependent business nor shall disclosure be required of credit  
 43 card transactions, retail installment contracts, debts on residences or  
 44 recreational property exempt from disclosure under paragraph 5 of this  
 45 subsection, debts on motor vehicles not used for commercial purposes, debts

1 secured by cash values on life insurance or debts owed to relatives. It is  
 2 sufficient disclosure of a creditor if the name and address of a person to  
 3 whom payments are made is disclosed. If the public officer, any member of  
 4 his household or a controlled or dependent business incurred or discharged a  
 5 debt ~~which~~ THAT is reportable under this subsection during the preceding  
 6 ~~calendar-year~~ SIX MONTHS, the report shall disclose that the transaction was  
 7 made and the date it occurred.

8 7. The identification and amount of each debt exceeding ~~one thousand~~  
 9 FIVE HUNDRED dollars owed at any time during the preceding ~~calendar-year~~ SIX  
 10 MONTHS to the public officer and members of his household in their own names,  
 11 or to any other person for the use or benefit of the public officer or any  
 12 member of his household. The disclosure shall include the identification and  
 13 amount of each debt exceeding ~~ten~~ FIVE thousand dollars to a controlled  
 14 business or dependent business ~~which~~ THAT was also more than thirty per cent  
 15 of the total indebtedness to the business at any time during the preceding  
 16 ~~calendar-year~~ SIX MONTHS. This paragraph shall not be construed to require  
 17 the disclosure of debts from the ordinary conduct of a business other than a  
 18 controlled or dependent business. If the public officer, any member of his  
 19 household or a controlled or dependent business incurred or discharged a debt  
 20 ~~which~~ THAT is reportable under this subsection during the preceding ~~year~~ SIX  
 21 MONTHS, the report shall disclose that the transaction was made and the date  
 22 it occurred.

23 8. The name of each source of any gift, or accumulated gifts from a  
 24 single source, of more than ~~five~~ TWO hundred FIFTY dollars received by the  
 25 public officer and members of his household in their own names during the  
 26 preceding ~~calendar-year~~ SIX MONTHS, or by any other person for the use or  
 27 benefit of the public officer or any member of his household ~~except gifts~~  
 28 ~~received by will or by virtue of intestate succession, or received by way of~~  
 29 ~~distribution from any inter vivos or testamentary trust established by a~~  
 30 ~~spouse or by an ancestor, or gifts received from any other member of the~~  
 31 ~~household or relatives to the second degree of consanguinity. Political~~  
 32 ~~campaign contributions shall not be construed as gifts if otherwise publicly~~  
 33 ~~reported as political campaign contributions as required by law.~~

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

38 10. A list of all bonds, together with their value, issued by this  
 39 state or any political subdivision of this state and held at any time during  
 40 the preceding ~~calendar-year~~ SIX MONTHS by the public officer or any member of  
 41 his household, which bonds issued by a single entity had a value in excess of  
 42 one thousand FIVE HUNDRED dollars. If the public officer or any member of  
 43 his household acquired or divested any bonds during the preceding ~~calendar~~  
 44 ~~year which~~ SIX MONTHS THAT are reportable under this paragraph, the fact that  
 45 the transaction occurred and the date shall also be shown.

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

4 1. Category 1, ~~TWO HUNDRED FIFTY DOLLARS TO NINE HUNDRED NINETY-NINE~~  
5 ~~DOLLARS.~~

6 2. ~~CATEGORY 2,~~ one thousand dollars to twenty-five thousand dollars.

7 ~~2-~~ 3. Category ~~2-~~ 3, more than twenty-five thousand dollars to one  
8 hundred thousand dollars.

9 ~~3-~~ 4. Category ~~3-~~ 4, more than one hundred thousand dollars.

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

12 D. The statement required to be filed pursuant to subsection A ~~OF THIS~~  
13 ~~SECTION~~ shall be filed by all persons who qualified as public officers at any  
14 time during the preceding ~~calendar year~~ ~~SIX MONTHS~~ on or before ~~January 31~~  
15 ~~THE LAST DAY~~ of ~~each year~~ ~~THAT SIX MONTH PERIOD~~ with the exceptions that a  
16 public officer appointed to fill a vacancy ~~shall~~, within ~~sixty~~ ~~THIRTY~~ days  
17 following his taking of such office, ~~SHALL~~ file a financial disclosure  
18 statement covering as ~~his annual~~ ~~THE REPORTING~~ period the ~~twelve~~ ~~SIX~~ month  
19 period ending with the last full month ~~prior to~~ ~~BEFORE~~ the date of his taking  
20 office, and a public officer whose final term expires less than thirty-one  
21 days into the immediately following calendar year may file the public  
22 officer's final financial disclosure at the same time as the disclosure for  
23 the last immediately preceding ~~year~~ ~~SIX MONTH PERIOD~~.

24 E. The secretary of state shall prepare written guidelines, forms and  
25 samples for completing the financial disclosure statement required by this  
26 section. A copy of the guidelines, forms and samples shall be distributed to  
27 each public officer and shall be made available to each candidate required to  
28 file a financial disclosure statement pursuant to section 38-543.

29 Sec. 3. Section 38-543, Arizona Revised Statutes, is amended to read:

30 ~~38-543.~~ 38-543. Duty to file financial disclosure statement by  
31 candidate for public office

32 A candidate for public office as specified in section 38-541, paragraph  
33 8 shall file ~~ELECTRONICALLY~~ a financial disclosure statement covering the  
34 preceding ~~twelve~~ ~~SIX~~ month period and containing the information described in  
35 section 38-542 on a form prescribed by the secretary of state at the time of  
36 filing of nomination papers.

37 Sec. 4. Section 38-544, Arizona Revised Statutes, is amended to read:

38 ~~38-544.~~ 38-544. Violation; classification

39 A. Any public officer, local public officer or candidate who knowingly  
40 fails to file a financial disclosure statement required pursuant to section  
41 38-542, 38-543 or 38-545, who knowingly files an incomplete financial  
42 disclosure statement or who knowingly files a false financial disclosure  
43 statement is guilty of a class ~~1 misdemeanor~~ ~~6~~ ~~FELONY~~.

44 B. Any public officer, local public officer or candidate who violates  
45 this chapter is subject to a civil penalty of fifty dollars for each day of

1 noncompliance but not more than ~~five hundred~~ ONE THOUSAND dollars that may be  
2 imposed as prescribed in section 16-924.

3 C. ANY PUBLIC OFFICER, LOCAL PUBLIC OFFICER OR CANDIDATE WHO  
4 RECKLESSLY FAILS TO FILE A FINANCIAL DISCLOSURE STATEMENT REQUIRED PURSUANT  
5 TO SECTION 38-542, 38-543 OR 38-545 OR WHO RECKLESSLY FILES AN INCOMPLETE  
6 FINANCIAL DISCLOSURE STATEMENT OR WHO RECKLESSLY FILES A FALSE FINANCIAL  
7 DISCLOSURE STATEMENT IS GUILTY OF A CLASS 1 MISDEMEANOR.

8 Sec. 5. Title 38, chapter 3.1, article 1, Arizona Revised Statutes, is  
9 amended by adding section 38-546, to read:

10 38-546. Electronic filing; financial disclosure statements

11 A. STATEMENTS THAT ARE FILED PURSUANT TO THIS CHAPTER IN THE OFFICE OF  
12 THE SECRETARY OF STATE IN ELECTRONIC FORMAT SHALL BE FILED USING COMPUTER  
13 PROGRAMS THAT ARE PROVIDED OR APPROVED BY THE SECRETARY OF STATE. THE  
14 SECRETARY OF STATE SHALL PROVIDE COMPUTER PROGRAMS TO ACCOMMODATE ELECTRONIC  
15 FILINGS AND SHALL IMPLEMENT AND MAINTAIN A SYSTEM FOR THE ELECTRONIC  
16 COLLECTION, FILING AND DISSEMINATION OF MATERIALS FILED PURSUANT TO SECTION  
17 38-542. A COUNTY OFFICER IN CHARGE OF ELECTIONS MAY IMPLEMENT AN ELECTRONIC  
18 FILING SYSTEM FOR STATEMENTS THAT ARE REQUIRED TO BE FILED WITH THE COUNTY  
19 OFFICER AND SUBSECTIONS B THROUGH F OF THIS SECTION APPLY TO AN ELECTRONIC  
20 FILING PROGRAM OPERATED BY A COUNTY.

21 B. IF THE FILINGS ARE COMPLETE AND CORRECT, ANY STATEMENTS,  
22 DESIGNATIONS OR REPORTS THAT ARE FILED IN THE SECRETARY OF STATE'S ELECTRONIC  
23 FILING FORMAT ARE DEEMED TO COMPLY WITH:

24 1. THE FILING REQUIREMENTS OF THIS CHAPTER.

25 2. THE REQUIREMENT THAT A FILING BE MADE UNDER OATH OR BE SUBMITTED  
26 WITH A WRITTEN SIGNATURE.

27 C. A STATEMENT THAT IS FILED IN ELECTRONIC FORMAT IS DEEMED TO BE  
28 FILED UNDER PENALTY OF PERJURY IF THE PRINTED FORMAT VERSION OF THAT DOCUMENT  
29 IS REQUIRED TO BE FILED UNDER PENALTY OF PERJURY.

30 D. A PUBLIC OFFICER WHO SUBMITS ANY STATEMENT PURSUANT TO THIS CHAPTER  
31 THAT IS NOT PROPERLY FORMATTED OR THAT DOES NOT CONTAIN THE INFORMATION  
32 PRESCRIBED BY THIS CHAPTER HAS NOT COMPLIED WITH THE REPORTING REQUIREMENTS  
33 OF THIS CHAPTER AND IS SUBJECT TO PENALTIES AND ENFORCEMENT AS OTHERWISE  
34 PROVIDED BY LAW.

35 E. DURING THE IMPLEMENTATION OF AN ELECTRONIC FILING SYSTEM IN A  
36 COUNTY, THE COUNTY OFFICER IN CHARGE OF ELECTIONS MAY REQUIRE THAT STATEMENTS  
37 BE FILED WITH AN ADDITIONAL WRITTEN OR PRINTED COPY.

38 F. FOR AN ELECTRONIC FILING SYSTEM IMPLEMENTED BY THE SECRETARY OF  
39 STATE OR OTHER FILING OFFICER, THE FILING OFFICER SHALL DESIGNATE ONE OR MORE  
40 APPROVED TRANSMITTAL FORMATS AND METHODS.

41 Sec. 6. Section 41-1231, Arizona Revised Statutes, is amended to read:

42 41-1231. Definitions

43 In this article, unless the context otherwise requires:

44 1. "Authorized lobbyist" means any person, other than a designated  
45 lobbyist or lobbyist for compensation, who is employed by, retained by or

1 representing a principal with or without compensation for the purpose of  
2 lobbying and who is listed as an authorized lobbyist by the principal in its  
3 registration pursuant to section 41-1232.

4 2. "Authorized public lobbyist" means a person, other than a  
5 designated public lobbyist, who is employed by, retained by or representing a  
6 public body, with or without compensation, for the purpose of lobbying and  
7 who is listed as an authorized public lobbyist by the public body in its  
8 registration pursuant to section 41-1232.01.

9 3. "Designated lobbyist" means the person who is designated by a  
10 principal as the single point of contact for the principal and who is listed  
11 as the designated lobbyist by the principal in its registration pursuant to  
12 section 41-1232.

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

17 5. "Entertainment" means the amount of any expenditure paid or  
18 incurred for admission to any sporting or cultural event or for participation  
19 in any sporting or cultural activity.

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

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

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

36 9. "Gift" means ~~a~~ ANY GRATUITY, SPECIAL DISCOUNT, FAVOR, HOSPITALITY,  
37 SERVICE, ECONOMIC OPPORTUNITY, LOAN, payment, distribution, expenditure,  
38 advance, deposit or donation of money, any intangible personal property or  
39 any kind of tangible personal or real property OR OTHER BENEFIT RECEIVED  
40 WITHOUT EQUIVALENT CONSIDERATION AND NOT PROVIDED TO MEMBERS OF THE PUBLIC AT  
41 LARGE. For THE purposes of this article, gift does not include:

42 (a) A gift, devise or inheritance from an individual's spouse, child,  
43 parent, grandparent, grandchild, brother, sister, parent-in-law,  
44 brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin or

1 the spouse of any such individual if the donor is not acting as the agent or  
2 intermediary for someone other than a person covered by this subdivision.

3 ~~(b) Expenditures which are either properly reported or exempt from~~  
4 ~~reporting under this chapter for:~~

5 ~~(i) A speaking engagement.~~

6 ~~(ii) Food or beverages.~~

7 ~~(iii) Travel and lodging.~~

8 ~~(iv) Flowers.~~

9 ~~(e)~~ (b) Salary, compensation or employer reimbursed expenses lawfully  
10 paid to a public official.

11 ~~(d)~~ (c) The value, cost or price of professional or consulting  
12 services that are not rendered to obtain a benefit for any registered  
13 principal, public body, lobbyist, designated public lobbyist or authorized  
14 public lobbyist or the clients of a principal or lobbyist.

15 ~~(e) Expenses relating to a special event or function to which all~~  
16 ~~members of the legislature, either house of the legislature or any committee~~  
17 ~~of the legislature are invited.~~

18 ~~(f)~~ (d) A plaque or other form of recognition similar to a plaque to  
19 a state officer or state employee to signify the honorary recognition of a  
20 service or other notable accomplishment.

21 ~~(g)~~ (e) Informational material such as books, reports, pamphlets,  
22 calendars or periodicals.

23 ~~(h)~~ (f) An item that is not used and that is returned within fifteen  
24 CALENDAR days of receipt to the donor or that is delivered within fifteen  
25 CALENDAR days of receipt to a charitable organization and that is not claimed  
26 as a charitable contribution for state or federal income tax purposes.

27 ~~(i)~~ (g) A campaign contribution OR A CONTRIBUTION TO AN OFFICEHOLDER  
28 EXPENSE ACCOUNT that is properly received and reported as required by law.

29 ~~(j)~~ (h) An item that is given to a state officer or employee if the  
30 state officer or employee gives an item of approximately the same value to  
31 the giver of the item at the same time that the item is given or on a similar  
32 occasion as the one that prompted the original item to be given.

33 ~~(k)~~ (i) Gifts of a personal nature that were customarily received by  
34 an individual from the donor before the individual became a state officer or  
35 employee.

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

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

41 11. "Lobbying" means attempting to influence the passage or defeat of  
42 any legislation by directly communicating with any legislator OR THE GOVERNOR  
43 OR THE GOVERNOR'S STAFF, or in the case of bonding, lobbyists directly  
44 communicating with any school district employee or a school district  
45 governing board member, or attempting to influence any formal rule making

1 proceeding pursuant to chapter 6 of this title or rule making proceedings  
2 that are exempt from chapter 6 of this title by directly communicating with  
3 any state officer or employee. Lobbying does not include:

4 (a) Interagency communications between state agency employees.

5 (b) Communications between a public official or employee of a public  
6 body, designated public lobbyist or authorized public lobbyist and any state  
7 officer, except for a member of the legislature, or an employee of the  
8 legislature.

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

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

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

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

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

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

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

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

1 19. "Single expenditure" means an expenditure that provides a benefit  
2 of more than twenty dollars to an individual state officer or state employee  
3 and that is incurred by or on behalf of one or more principals, public  
4 bodies, lobbyists, designated public lobbyists or authorized public  
5 lobbyists.

6 ~~20. "Speaking engagement":~~

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

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

19 ~~21.~~ 20. "State employee" means an employee of the legislature OR THE  
20 GOVERNOR'S OFFICE, a university under the jurisdiction of the Arizona board  
21 of regents, the judicial department or a state office, agency, board,  
22 commission or council.

23 ~~22.~~ 21. "State officer" means a person who is duly elected, appointed  
24 or retained through election to any state office, or a member of any state  
25 board, commission or council, and includes a member of the legislature.

26 Sec. 7. Section 41-1232.02, Arizona Revised Statutes, is amended to  
27 read:

28 41-1232.02. Expenditure reporting; principals and lobbyists;  
29 gifts

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

44 B. Each lobbyist for compensation and designated lobbyist shall report  
45 quarterly all single expenditures incurred in the preceding calendar quarter

1 by the lobbyist for compensation or designated lobbyist, whether or not the  
 2 single expenditures were made in the course of lobbying. These single  
 3 expenditures shall be itemized separately, and each itemization shall include  
 4 the date of the expenditure, the amount of the expenditure, the name of the  
 5 state officer or employee receiving or benefitting from the expenditure, the  
 6 category of the expenditure and the principal on whose behalf the expenditure  
 7 was made. If the expenditure was made by the lobbyist and was not made on  
 8 behalf of a principal, it shall be itemized separately. The quarterly report  
 9 shall be filed no later than the last day of the month following the end of  
 10 the calendar quarter, unless the last day of the month is a Saturday, Sunday  
 11 or other legal holiday. In that case, the report shall be filed on the next  
 12 business day.

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

28 D. The reports required by subsections A and B of this section shall  
 29 identify each single expenditure **BY SPECIFIC DOLLAR AMOUNT AND SHALL DESCRIBE**  
 30 **THE ITEM, SERVICE OR OTHER BENEFIT PROVIDED.** ~~according to the following~~  
 31 ~~categories:~~

- 32 ~~1. Food or beverages.~~
- 33 ~~2. Speaking engagement.~~
- 34 ~~3. Travel and lodging.~~
- 35 ~~4. Flowers.~~
- 36 ~~5. Other expenditures.~~

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

44 ~~F. All expenditures incurred by a principal or lobbyist in the case of~~  
 45 ~~special events for legislators, including parties, dinners, athletic events,~~

~~entertainment and other functions, to which all members of the legislature, either house of the legislature or any committee of the legislature are invited shall be reported. Expenditures are not required to be allocated to individual legislators, but for each such event a description of the event and the date, location, name of the legislative body invited and total expenditures incurred shall be reported. Expenditures for special events held in conjunction with state, national or regional meetings of an organization or association concerned or dealing with legislative or other governmental activities to which all state officers or state employees in attendance at such event are invited shall be reported in the same manner.~~

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

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

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

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

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

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

I. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE SIGNED BY THE PRINCIPAL, LOBBYIST FOR COMPENSATION OR DESIGNATED LOBBYIST, AS APPROPRIATE, AND SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED WITH THE REQUIREMENTS OF THIS ARTICLE.

Sec. 8. Section 41-1232.03, Arizona Revised Statutes, is amended to read:

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

A. Each public body shall report annually all single expenditures received by or benefitting a member of the legislature whether or not the expenditures were made in the course of lobbying. These expenditures shall

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

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

1 end of the calendar quarter, unless the last day of the month is a Saturday,  
2 Sunday or other legal holiday. In that case, the report shall be filed on  
3 the next business day.

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

29 D. The reports required by subsections A and B of this section shall  
30 identify the nature of each single expenditure **BY SPECIFIC DOLLAR AMOUNT AND**  
31 **SHALL DESCRIBE THE ITEM, SERVICE OR OTHER BENEFIT PROVIDED.** ~~according to the~~  
32 ~~following categories:~~

- 33 ~~1. Food or beverages.~~
- 34 ~~2. Speaking engagement.~~
- 35 ~~3. Travel and lodging.~~
- 36 ~~4. Flowers.~~
- 37 ~~5. Other expenditures.~~

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

43 ~~F. All expenditures incurred by a public body, designated public~~  
44 ~~lobbyist or authorized public lobbyist in the case of special events for~~  
45 ~~legislators, including parties, dinners, athletic events, entertainment and~~

1 ~~other functions, to which all members of the legislature, either house of the~~  
2 ~~legislature or any committee of the legislature are invited shall be~~  
3 ~~reported. Expenditures are not required to be allocated to individual~~  
4 ~~legislators, but for each such event a description of the event and the date,~~  
5 ~~location, name of the legislative body invited and total expenditures~~  
6 ~~incurred shall be reported. Expenditures for special events held in~~  
7 ~~conjunction with state, national or regional meetings of an organization or~~  
8 ~~association concerned or dealing with legislative or other governmental~~  
9 ~~activities to which all members or employees of the legislature in attendance~~  
10 ~~at such event are invited shall be reported in the same manner.~~

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

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

21 ~~I.~~ H. A person or organization shall not make a gift to or an  
22 expenditure on behalf of a member or employee of the legislature through  
23 another person or organization for the purpose of disguising the identity of  
24 the person making the gift or expenditure.

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

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

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

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

40 I. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE  
41 SIGNED BY THE PUBLIC BODY OR DESIGNATED PUBLIC LOBBYIST, AS APPROPRIATE, AND  
42 SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT  
43 THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED  
44 WITH THE REQUIREMENTS OF THIS ARTICLE.

1           Sec. 9. Section 41-1232.08, Arizona Revised Statutes, is amended to  
2 read:

3           41-1232.08. Gift ban; state and political subdivisions

4           A. A principal, designated lobbyist, authorized lobbyist, lobbyist for  
5 compensation, public body, designated public lobbyist or authorized public  
6 lobbyist or any other person acting on that person's behalf shall not make an  
7 expenditure or single expenditure for ~~entertainment~~ A GIFT for a state  
8 officer or state employee. A state officer or state employee shall not  
9 accept an expenditure or single expenditure for ~~entertainment~~ A GIFT from a  
10 principal, designated lobbyist, authorized lobbyist, lobbyist for  
11 compensation, public body, designated public lobbyist or authorized public  
12 lobbyist or any other person acting on that person's behalf.

13           B. A person who for compensation attempts to influence the passage or  
14 defeat of legislation, ordinances, rules, regulations, nominations and other  
15 matters that are pending or proposed or that are subject to formal approval  
16 by the corporation commission, a county board of supervisors, a city or town  
17 governing body or a school district governing board or any person acting on  
18 that person's behalf shall not make an expenditure or single expenditure for  
19 ~~entertainment for~~ A GIFT TO an elected or appointed member of the corporation  
20 commission, a county board of supervisors, a city or town governing body or a  
21 school district governing board. An elected or appointed member of the  
22 corporation commission, a county board of supervisors, a city or town  
23 governing body or a school district governing board shall not accept an  
24 expenditure or single expenditure for ~~entertainment~~ A GIFT from a person who  
25 for compensation attempts to influence the passage or defeat of legislation,  
26 ordinances, rules, regulations, nominations and other matters that are  
27 pending or proposed or that are subject to formal approval by the corporation  
28 commission, a county board of supervisors, a city or town governing body or a  
29 school district governing board.

30           ~~C. This section shall not apply to:~~

31           ~~1. Entertainment in connection with a special event properly reported~~  
32 ~~pursuant to this article.~~

33           ~~2. Entertainment that is incidental to a speaking engagement.~~

34           ~~3. The following persons while attending or participating in any~~  
35 ~~sporting or cultural event or activity, sponsored by the board, district or~~  
36 ~~institution, in a facility that is owned or operated by the board, district~~  
37 ~~or institution:~~

38           ~~(a) Employees of a school district governing board.~~

39           ~~(b) Employees of a community college district governing board.~~

40           ~~(c) Employees of any institution under the jurisdiction of the Arizona~~  
41 ~~board of regents.~~

42           ~~D. The provisions of this article that define special events for~~  
43 ~~legislators apply to special events for members of the Arizona board of~~  
44 ~~regents.~~