

REFERENCE TITLE: disclosure; registration fees; lobbying

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

## **HB 2497**

Introduced by  
Representative Mach, Senator Farley

AN ACT

AMENDING SECTIONS 38-542, 41-1232.02 AND 41-1232.03, 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 38-542, Arizona Revised Statutes, is amended to  
3 read:  
4 38-542. Duty to file financial disclosure statement; contents;  
5 exceptions  
6 A. In addition to other statements and reports required by law, every  
7 public officer, as a matter of public record, shall file with the secretary  
8 of state on a form prescribed by the secretary of state a verified financial  
9 disclosure statement covering the preceding calendar year. The statement  
10 shall disclose:  
11 1. The name and address of the public officer and each member of his  
12 household and all names and addresses under which each does business.  
13 2. The name and address of each employer and of each other source of  
14 compensation other than gifts amounting to more than one thousand dollars  
15 received during the preceding calendar year by the public officer and members  
16 of his household in their own names, or by any other person for the use or  
17 benefit of the public officer or members of his household, a description of  
18 the services for which the compensation was received and the nature of the  
19 employer's business. This paragraph shall not be construed to require the  
20 disclosure of individual items of compensation that constituted a portion of  
21 the gross income of the business from which the public officer or members of  
22 his household derived compensation.  
23 3. For a controlled business, a description of the goods or services  
24 provided by the business, and if any single source of compensation to the  
25 business during the preceding calendar year amounts to more than ten thousand  
26 dollars and is more than twenty-five per cent of the gross income of the  
27 business, the disclosure shall also include a description of the goods or  
28 services provided to the source of compensation. For a dependent business  
29 the statement shall disclose a description of the goods or services provided  
30 by the business and a description of the goods or services provided to the  
31 source of compensation from which the dependent business derived the amount  
32 of gross income described in section 38-541, paragraph 4. If the source of  
33 compensation for a controlled or dependent business is a business, the  
34 statement shall disclose a description of the business activities engaged in  
35 by the source of compensation.  
36 4. The names and addresses of all businesses and trusts in which the  
37 public officer or members of his household, or any other person for the use  
38 or benefit of the public officer or members of his household, had an  
39 ownership or beneficial interest of over one thousand dollars at any time  
40 during the preceding calendar year, and the names and addresses of all  
41 businesses and trusts in which the public officer or any member of his  
42 household held any office or had a fiduciary relationship at any time during  
43 the preceding calendar year, together with the amount or value of the  
44 interest and a description of the interest, office or relationship.

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

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

36           7. The identification and amount of each debt exceeding one thousand  
37 dollars owed at any time during the preceding calendar year to the public  
38 officer and members of his household in their own names, or to any other  
39 person for the use or benefit of the public officer or any member of his  
40 household. The disclosure shall include the identification and amount of  
41 each debt exceeding ten thousand dollars to a controlled business or  
42 dependent business ~~which~~ THAT was also more than thirty per cent of the total  
43 indebtedness to the business at any time during the preceding calendar year.  
44 This paragraph shall not be construed to require the disclosure of debts from  
45 the ordinary conduct of a business other than a controlled or dependent

1 business. If the public officer, any member of his household or a controlled  
2 or dependent business incurred or discharged a debt ~~which~~ THAT is reportable  
3 under this subsection during the preceding year, the report shall disclose  
4 that the transaction was made and the date it occurred.

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

16 9. A list of all business licenses issued to, held by or in which the  
17 public officer or any member of his household had an interest at any time  
18 during the preceding calendar year, including the name in which the license  
19 was issued, the type of business and its location.

20 10. A list of all bonds, together with their value, issued by this  
21 state or any political subdivision of this state and held at any time during  
22 the preceding calendar year by the public officer or any member of his  
23 household, which bonds issued by a single entity had a value in excess of one  
24 thousand dollars. If the public officer or any member of his household  
25 acquired or divested any bonds during the preceding calendar year ~~which~~ THAT  
26 are reportable under this paragraph, the fact that the transaction occurred  
27 and the date shall also be shown.

28 11. A DESCRIPTION OF ANY BENEFIT RECEIVED BY THE PUBLIC OFFICER OR ANY  
29 MEMBER OF THE HOUSEHOLD OF THE PUBLIC OFFICER IF THE BENEFIT IS IN THE FORM  
30 OF TRAVEL, LODGING OR REGISTRATION FEES RELATED TO A CONFERENCE, MEETING OR  
31 OTHER EVENT, WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED  
32 RATE OR A FULL OR PARTIAL REIMBURSEMENT. THE DESCRIPTION OF THE BENEFIT  
33 RECEIVED SHALL ITEMIZE THE SPECIFIC DOLLAR AMOUNT OF THE BENEFIT RECEIVED AND  
34 MAY NOT BE REPORTED IN A CATEGORY RANGE AS PRESCRIBED IN SUBSECTION B OF THIS  
35 SECTION. THE DESCRIPTION SHALL ALSO SEPARATELY ITEMIZE THE BENEFIT RECEIVED  
36 IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES, AND SHALL DISCLOSE THE  
37 NAME AND ADDRESS OF EACH DONOR OR PAYOR OF EACH BENEFIT.

38 B. EXCEPT AS PRESCRIBED IN SUBSECTION A, PARAGRAPH 11 OF THIS SECTION,  
39 if an amount or value is required to be reported pursuant to this section, it  
40 is sufficient to report whether the amount or value of the equity interest  
41 falls within:

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

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

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

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

19 Sec. 2. Section 41-1232.02, Arizona Revised Statutes, is amended to  
20 read:

21 41-1232.02. Expenditure reporting; principals and lobbyists;  
22 gifts

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

37 B. Each lobbyist for compensation and designated lobbyist shall report  
38 quarterly all single expenditures incurred in the preceding calendar quarter  
39 by the lobbyist for compensation or designated lobbyist, whether or not the  
40 single expenditures were made in the course of lobbying. These single  
41 expenditures shall be itemized separately, and each itemization shall include  
42 the date of the expenditure, the amount of the expenditure, the name of the  
43 state officer or employee receiving or benefitting from the expenditure, the  
44 category of the expenditure and the principal on whose behalf the expenditure  
45 was made. If the expenditure was made by the lobbyist and was not made on

1 behalf of a principal, it shall be itemized separately. The quarterly report  
 2 shall be filed no later than the last day of the month following the end of  
 3 the calendar quarter, unless the last day of the month is a Saturday, Sunday  
 4 or other legal holiday. In that case, the report shall be filed on the next  
 5 business day.

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

21 D. The reports required by subsections A and B of this section shall  
 22 identify each single expenditure according to the following categories,  
 23 EXCEPT THERE IS NO MINIMUM AMOUNT AND THE REPORTS SHALL ITEMIZE ANY BENEFIT  
 24 PROVIDED IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES EVEN IF THE  
 25 AMOUNT OF THE BENEFIT DOES NOT CONSTITUTE A SINGLE EXPENDITURE AS DEFINED IN  
 26 SECTION 41-1231:

- 27 1. Food or beverages.
- 28 2. Speaking engagement.
- 29 3. Travel. ~~and~~
- 30 4. Lodging.

31 5. REGISTRATION FEES PAID FOR A CONFERENCE, MEETING OR OTHER EVENT,  
 32 WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED RATE OR A FULL  
 33 OR PARTIAL REIMBURSEMENT AND THE NAME AND ADDRESS OF ALL DONORS OR PAYORS  
 34 INTO ANY ACCOUNT OR FUND THAT IS AGGREGATED AND USED TO PROVIDE THE BENEFIT.

- 35 ~~4-~~ 6. Flowers.
- 36 ~~5-~~ 7. 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), (c), (d), (f),  
 43 (g), (h), (i), (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,

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

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

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

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

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

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

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

34 Sec. 3. Section 41-1232.03, Arizona Revised Statutes, is amended to  
35 read:

36 41-1232.03. Expenditure reporting; public bodies and public  
37 lobbyists; gifts

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

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

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

44 C. Each designated public lobbyist shall also report quarterly the  
45 aggregate of all expenditures of twenty dollars or less received by or

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

25 D. The reports required by subsections A and B of this section shall  
 26 identify the nature of each single expenditure according to the following  
 27 categories, EXCEPT THERE IS NO MINIMUM AMOUNT AND THE REPORTS SHALL ITEMIZE  
 28 ANY BENEFIT PROVIDED IN THE FORM OF TRAVEL, LODGING OR REGISTRATION FEES EVEN  
 29 IF THE AMOUNT OF THE BENEFIT DOES NOT CONSTITUTE A SINGLE EXPENDITURE AS  
 30 DEFINED IN SECTION 41-1231:

- 31 1. Food or beverages.
- 32 2. Speaking engagement.
- 33 3. Travel. ~~and~~
- 34 4. Lodging.
- 35 5. REGISTRATION FEES PAID FOR A CONFERENCE, MEETING OR OTHER EVENT,  
 36 WITHOUT REGARD TO WHETHER DENOMINATED A SCHOLARSHIP, A REDUCED RATE OR A FULL  
 37 OR PARTIAL REIMBURSEMENT AND THE NAME AND ADDRESS OF ALL DONORS OR PAYORS  
 38 INTO ANY ACCOUNT OR FUND THAT IS AGGREGATED AND USED TO PROVIDE THE BENEFIT.
- 39 ~~4.~~ 6. Flowers.
- 40 ~~5.~~ 7. Other expenditures.

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

1 F. All expenditures incurred by a public body, A designated public  
2 lobbyist or AN authorized public lobbyist in the case of special events for  
3 legislators, including parties, dinners, athletic events, entertainment and  
4 other functions, to which all members of the legislature, either house of the  
5 legislature or any committee of the legislature are invited shall be  
6 reported. Expenditures are not required to be allocated to individual  
7 legislators, but for each such event a description of the event and the date,  
8 location, name of the legislative body invited and total expenditures  
9 incurred shall be reported. Expenditures for special events held in  
10 conjunction with state, national or regional meetings of an organization or  
11 association concerned or dealing with legislative or other governmental  
12 activities to which all members or employees of the legislature in attendance  
13 at such event are invited shall be reported in the same manner.

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

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

24 I. A person or organization shall not make a gift to or an expenditure  
25 on behalf of a member or employee of the legislature through another person  
26 or organization for the purpose of disguising the identity of the person  
27 making the gift or expenditure.

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

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

36 2. Gifts that are designed to influence the member's or employee's  
37 official conduct.

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