

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

# HOUSE BILL 2536

AN ACT

AMENDING SECTIONS 16-901, 16-905, 16-912, 16-912.01, 16-920 AND 16-921,  
ARIZONA REVISED STATUTES; RELATING TO CAMPAIGN CONTRIBUTIONS AND EXPENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 16-901, Arizona Revised Statutes, is amended to  
3 read:

4 16-901. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Agent" means, with respect to any person other than a candidate,  
7 any person who has oral or written authority, either express or implied, to  
8 make or authorize the making of expenditures as defined in this section on  
9 behalf of a candidate, any person who has been authorized by the treasurer of  
10 a political committee to make or authorize the making of expenditures or a  
11 political consultant for a candidate or political committee.

12 2. "Candidate" means an individual who receives or gives consent for  
13 receipt of a contribution for his nomination for or election to any office in  
14 this state other than a federal office.

15 3. "Candidate's campaign committee" means a political committee  
16 designated and authorized by a candidate.

17 4. "Clearly identified candidate" means that the name, a photograph or  
18 a drawing of the candidate appears or the identity of the candidate is  
19 otherwise apparent by unambiguous reference.

20 5. "Contribution" means any gift, subscription, loan, advance or  
21 deposit of money or anything of value made for the purpose of influencing an  
22 election including supporting or opposing the recall of a public officer or  
23 supporting or opposing the circulation of a petition for a ballot measure,  
24 question or proposition or the recall of a public officer and:

25 (a) Includes all of the following:

26 (i) A contribution made to retire campaign debt.

27 (ii) Money or the fair market value of anything directly or indirectly  
28 given or loaned to an elected official for the purpose of defraying the  
29 expense of communications with constituents, regardless of whether the  
30 elected official has declared his candidacy.

31 (iii) The entire amount paid to a political committee to attend a  
32 fund-raising or other political event and the entire amount paid to a  
33 political committee as the purchase price for a fund-raising meal or item,  
34 except that no contribution results if the actual cost of the meal or  
35 fund-raising item, based on the amount charged to the committee by the  
36 vendor, constitutes the entire amount paid by the purchaser for the meal or  
37 item, the meal or item is for the purchaser's personal use and not for resale  
38 and the actual cost is the entire amount paid by the purchaser in connection  
39 with the event. This exception does not apply to auction items.

40 (iv) Unless specifically exempted, the provision of goods or services  
41 without charge or at a charge that is less than the usual and normal charge  
42 for such goods and services.

43 (b) Does not include any of the following:

1           (i) The value of services provided without compensation by any  
2 individual who volunteers on behalf of a candidate, a candidate's campaign  
3 committee or any other political committee.

4           (ii) Money or the value of anything directly or indirectly provided to  
5 defray the expense of an elected official meeting with constituents if the  
6 elected official is engaged in the performance of the duties of his office or  
7 provided by the state or a political subdivision to an elected official for  
8 communication with constituents if the elected official is engaged in the  
9 performance of the duties of his office.

10          (iii) The use of real or personal property, including a church or  
11 community room used on a regular basis by members of a community for  
12 noncommercial purposes, that is obtained by an individual in the course of  
13 volunteering personal services to any candidate, candidate's committee or  
14 political party, and the cost of invitations, food and beverages voluntarily  
15 provided by an individual to any candidate, candidate's campaign committee or  
16 political party in rendering voluntary personal services on the individual's  
17 residential premises or in the church or community room for candidate-related  
18 or political party-related activities, to the extent that the cumulative  
19 value of the invitations, food and beverages provided by the individual on  
20 behalf of any single candidate does not exceed one hundred dollars with  
21 respect to any single election.

22          (iv) Any unreimbursed payment for personal travel expenses made by an  
23 individual who on his own behalf volunteers his personal services to a  
24 candidate.

25          (v) The payment by a political party for party operating expenses,  
26 party staff and personnel, party newsletters and reports, voter registration  
27 and efforts to increase voter turnout, party organization building and  
28 maintenance and printing and postage expenses for slate cards, sample  
29 ballots, other written materials that substantially promote three or more  
30 nominees of the party for public office and other election activities not  
31 related to a specific candidate, except that this item does not apply to  
32 costs incurred with respect to a display of the listing of candidates made on  
33 telecommunications systems or in newspapers, magazines or similar types of  
34 general circulation advertising.

35          (vi) Independent expenditures.

36          (vii) Monies loaned by a state bank, a federally chartered depository  
37 institution or a depository institution the deposits or accounts of which are  
38 insured by the federal deposit insurance corporation or the national credit  
39 union administration, other than an overdraft made with respect to a checking  
40 or savings account, that is made in accordance with applicable law and in the  
41 ordinary course of business. In order for this exemption to apply, this loan  
42 shall be deemed a loan by each endorser or guarantor, in that proportion of  
43 the unpaid balance that each endorser or guarantor bears to the total number  
44 of endorsers or guarantors, the loan shall be made on a basis that assures  
45 repayment, evidenced by a written instrument, shall be subject to a due date

1 or amortization schedule and shall bear the usual and customary interest rate  
2 of the lending institution.

3 (viii) A gift, subscription, loan, advance or deposit of money or  
4 anything of value to a national or a state committee of a political party  
5 specifically designated to defray any cost for the construction or purchase  
6 of an office facility not acquired for the purpose of influencing the  
7 election of a candidate in any particular election.

8 (ix) Legal or accounting services rendered to or on behalf of a  
9 political committee or a candidate, if the only person paying for the  
10 services is the regular employer of the individual rendering the services and  
11 if the services are solely for the purpose of compliance with this title.

12 (x) The payment by a political party of the costs of campaign  
13 materials, including pins, bumper stickers, handbills, brochures, posters,  
14 party tabloids and yard signs, used by the party in connection with volunteer  
15 activities on behalf of any nominee of the party or the payment by a state or  
16 local committee of a political party of the costs of voter registration and  
17 get-out-the-vote activities conducted by the committee if the payments are  
18 not for the costs of campaign materials or activities used in connection with  
19 any telecommunication, newspaper, magazine, billboard, direct mail or similar  
20 type of general public communication or political advertising.

21 (xi) Transfers between political committees to distribute monies  
22 raised through a joint fund-raising effort in the same proportion to each  
23 committee's share of the fund-raising expenses and payments from one  
24 political committee to another in reimbursement of a committee's  
25 proportionate share of its expenses in connection with a joint fund-raising  
26 effort.

27 (xii) An extension of credit for goods and services made in the  
28 ordinary course of the creditor's business if the terms are substantially  
29 similar to extensions of credit to nonpolitical debtors that are of similar  
30 risk and size of obligation and if the creditor makes a commercially  
31 reasonable attempt to collect the debt, except that any extension of credit  
32 under this item made for the purpose of influencing an election that remains  
33 unsatisfied by the candidate after six months, notwithstanding good faith  
34 collection efforts by the creditor, shall be deemed receipt of a contribution  
35 by the candidate but not a contribution by the creditor.

36 (xiii) Interest or dividends earned by a political committee on any  
37 bank accounts, deposits or other investments of the political committee.

38 6. "Earmarked" means a designation, instruction or encumbrance that  
39 results in all or any part of a contribution or expenditure being made to, or  
40 expended on behalf of, a clearly identified candidate or a candidate's  
41 campaign committee.

42 7. "Election" means any election for any initiative, referendum or  
43 other measure or proposition or a primary, general, recall, special or runoff  
44 election for any office in this state other than the office of precinct

1 committeeman and other than a federal office. For THE purposes of sections  
2 16-903 and 16-905, the general election includes the primary election.

3 8. "Expenditures" includes any purchase, payment, distribution, loan,  
4 advance, deposit or gift of money or anything of value made by a person for  
5 the purpose of influencing an election in this state including supporting or  
6 opposing the recall of a public officer or supporting or opposing the  
7 circulation of a petition for a ballot measure, question or proposition or  
8 the recall of a public officer and a contract, promise or agreement to make  
9 an expenditure resulting in an extension of credit and the value of any  
10 in-kind contribution received. Expenditure does not include any of the  
11 following:

12 (a) A news story, commentary or editorial distributed through the  
13 facilities of any telecommunications system, newspaper, magazine or other  
14 periodical publication, unless the facilities are owned or controlled by a  
15 political committee, political party or candidate.

16 (b) Nonpartisan activity designed to encourage individuals to vote or  
17 to register to vote.

18 (c) The payment by a political party of the costs of preparation,  
19 display, mailing or other distribution incurred by the party with respect to  
20 any printed slate card, sample ballot or other printed listing of three or  
21 more candidates for any public office for which an election is held, except  
22 that this subdivision does not apply to costs incurred by the party with  
23 respect to a display of any listing of candidates made on any  
24 telecommunications system or in newspapers, magazines or similar types of  
25 general public political advertising.

26 (d) The payment by a political party of the costs of campaign  
27 materials, including pins, bumper stickers, handbills, brochures, posters,  
28 party tabloids and yard signs, used by the party in connection with volunteer  
29 activities on behalf of any nominee of the party or the payment by a state or  
30 local committee of a political party of the costs of voter registration and  
31 get-out-the-vote activities conducted by the committee if the payments are  
32 not for the costs of campaign materials or activities used in connection with  
33 any telecommunications system, newspaper, magazine, billboard, direct mail or  
34 similar type of general public communication or political advertising.

35 (e) Any deposit or other payment filed with the secretary of state or  
36 any other similar officer to pay any portion of the cost of printing an  
37 argument in a publicity pamphlet advocating or opposing a ballot measure.

38 9. "Exploratory committee" means a political committee that is formed  
39 for the purpose of determining whether an individual will become a candidate  
40 and that receives contributions or makes expenditures of more than five  
41 hundred dollars in connection with that purpose.

42 10. "Family contribution" means any contribution that is provided to a  
43 candidate's campaign committee by a parent, grandparent, spouse, child or  
44 sibling of the candidate or a parent or spouse of any of those persons.

1       11. "Filing officer" means the office that is designated by section  
2 16-916 to conduct the duties prescribed by this chapter.

3       12. "Identification" means:

4       (a) For an individual, his name and mailing address, his occupation  
5 and the name of his employer.

6       (b) For any other person, including a political committee, the full  
7 name and mailing address of the person. For a political committee,  
8 identification includes the identification number issued on the filing of a  
9 statement of organization pursuant to section 16-902.01.

10       13. "Incomplete contribution" means any contribution received by a  
11 political committee for which the contributor's mailing address, occupation,  
12 employer or identification number has not been obtained and is not in the  
13 possession of the political committee.

14       14. "Independent expenditure" means an expenditure by a person or  
15 political committee, other than a candidate's campaign committee, that  
16 expressly advocates the election or defeat of a clearly identified candidate,  
17 that is made without cooperation or consultation with any candidate or  
18 committee or agent of the candidate and that is not made in concert with or  
19 at the request or suggestion of a candidate, or any committee or agent of the  
20 candidate. Independent expenditure includes an expenditure that is subject  
21 to the requirements of section 16-917, which requires a copy of campaign  
22 literature or advertisement to be sent to a candidate named or otherwise  
23 referred to in the literature or advertisement. An expenditure is not an  
24 independent expenditure if any of the following applies:

25       (a) Any officer, member, employee or agent of the political committee  
26 making the expenditure is also an officer, member, employee or agent of the  
27 committee of the candidate whose election or whose opponent's defeat is being  
28 advocated by the expenditure or an agent of the candidate whose election or  
29 whose opponent's defeat is being advocated by the expenditure.

30       (b) There is any arrangement, coordination or direction with respect  
31 to the expenditure between the candidate or the candidate's agent and the  
32 person making the expenditure, including any officer, director, employee or  
33 agent of that person. **FOR THE PURPOSES OF THIS SUBDIVISION, SERVING ON A**  
34 **HOST COMMITTEE FOR A FUNDRAISING EVENT DOES NOT PRESUMPTIVELY DEMONSTRATE ANY**  
35 **ARRANGEMENT, COORDINATION OR DIRECTION.**

36       (c) In the same election the person making the expenditure, including  
37 any officer, director, employee or agent of that person, is or has been:

38       (i) Authorized to raise or expend monies on behalf of the candidate or  
39 the candidate's authorized committees.

40       (ii) Receiving any form of compensation or reimbursement from the  
41 candidate, the candidate's committees or the candidate's agent.

42       (d) The expenditure is based on information about the candidate's  
43 plans, projects or needs, or those of his campaign committee, provided to the  
44 expending person by the candidate or by the candidate's agents or any

1 officer, member or employee of the candidate's campaign committee with a view  
2 toward having the expenditure made.

3 15. "In-kind contribution" means a contribution of goods or services or  
4 anything of value and not a monetary contribution.

5 16. "Itemized" means that each contribution received or expenditure  
6 made is set forth separately.

7 17. "Literature or advertisement" means information or materials that  
8 are mailed, distributed or placed in some medium of communication for the  
9 purpose of influencing the outcome of an election.

10 18. "Personal monies" means any of the following:

11 (a) Assets to which the candidate has a legal right of access or  
12 control at the time he becomes a candidate and with respect to which the  
13 candidate has either legal title or an equitable interest.

14 (b) Salary and other earned income from bona fide employment of the  
15 candidate, dividends and proceeds from the sale of the stocks or investments  
16 of the candidate, bequests to the candidate, income to the candidate from  
17 trusts established before candidacy, income to the candidate from trusts  
18 established by bequest after candidacy of which the candidate is a  
19 beneficiary, gifts to the candidate of a personal nature that have been  
20 customarily received before the candidacy and proceeds received by the  
21 candidate from lotteries and other legal games of chance.

22 (c) The proceeds of loans obtained by the candidate that are not  
23 contributions and for which the collateral or security is covered by  
24 subdivision (a) or (b) of this paragraph.

25 (d) Family contributions.

26 19. "Political committee" means a candidate or any association or  
27 combination of persons that is organized, conducted or combined for the  
28 purpose of influencing the result of any election or to determine whether an  
29 individual will become a candidate for election in this state or in any  
30 county, city, town, district or precinct in this state, that engages in  
31 political activity in behalf of or against a candidate for election or  
32 retention or in support of or opposition to an initiative, referendum or  
33 recall or any other measure or proposition and that applies for a serial  
34 number and circulates petitions and, in the case of a candidate for public  
35 office except those exempt pursuant to section 16-903, that receives  
36 contributions or makes expenditures of more than two hundred fifty dollars in  
37 connection therewith, notwithstanding that the association or combination of  
38 persons may be part of a larger association, combination of persons or  
39 sponsoring organization not primarily organized, conducted or combined for  
40 the purpose of influencing the result of any election in this state or in any  
41 county, city, town or precinct in this state. Political committee includes  
42 the following types of committees:

43 (a) A candidate's campaign committee.

1 (b) A separate, segregated fund established by a corporation or labor  
2 organization pursuant to section 16-920, subsection A, paragraph 3.

3 (c) A committee acting in support of or opposition to the  
4 qualification, passage or defeat of a ballot measure, question or  
5 proposition.

6 (d) A committee organized to circulate or oppose a recall petition or  
7 to influence the result of a recall election.

8 (e) A political party.

9 (f) A committee organized for the purpose of making independent  
10 expenditures.

11 (g) A committee organized in support of or opposition to one or more  
12 candidates.

13 (h) A political organization.

14 (i) An exploratory committee.

15 20. "Political organization" means an organization that is formally  
16 affiliated with and recognized by a political party including a district  
17 committee organized pursuant to section 16-823.

18 21. "Political party" means the state committee as prescribed by  
19 section 16-825 or the county committee as prescribed by section 16-821 of an  
20 organization that meets the requirements for recognition as a political party  
21 pursuant to section 16-801 or section 16-804, subsection A.

22 22. "Sponsoring organization" means any organization that establishes,  
23 administers or contributes financial support to the administration of, or  
24 that has common or overlapping membership or officers with, a political  
25 committee other than a candidate's campaign committee.

26 23. "Standing political committee" means a political committee that  
27 satisfies all of the following:

28 (a) Is active in more than one reporting jurisdiction in this state  
29 for more than one year.

30 (b) Files a statement of organization as prescribed by section  
31 16-902.01, subsection E.

32 (c) Is any of the following as defined by paragraph 19 of this  
33 section:

34 (i) A separate, segregated fund.

35 (ii) A political party.

36 (iii) A committee organized for the purpose of making independent  
37 expenditures.

38 (iv) A political organization.

39 24. "Statewide office" means the office of governor, secretary of  
40 state, state treasurer, attorney general, superintendent of public  
41 instruction, corporation commissioner or mine inspector.

42 25. "Surplus monies" means those monies of a political committee  
43 remaining after all of the committee's expenditures have been made and its  
44 debts have been extinguished.



1           Sec. 2. Section 16-905, Arizona Revised Statutes, is amended to read:  
2           16-905. Contribution limitations; civil penalty; complaint  
3           A. For an election other than for a statewide office, a contributor  
4 shall not give and an exploratory committee, a candidate or a candidate's  
5 campaign committee shall not accept contributions of more than:  
6           1. For an election for a legislative office, four hundred eighty-eight  
7 dollars from an individual.  
8           2. For an election other than for a legislative office, three hundred  
9 ninety dollars from an individual.  
10          3. For an election for a legislative office, four hundred eighty-eight  
11 dollars from a single political committee, excluding a political party, not  
12 certified under subsection G of this section to make contributions at the  
13 higher limits prescribed by paragraph 5 of this subsection and subsection B,  
14 paragraph 3 of this section.  
15          4. For an election other than for a legislative office, three hundred  
16 ninety dollars from a single political committee, excluding a political  
17 party, not certified under subsection G of this section to make contributions  
18 at the higher limits prescribed by subsection B, paragraph 3 of this section.  
19          5. Two thousand dollars from a single political committee, excluding a  
20 political party, certified pursuant to subsection G of this section.  
21          B. For an election for a statewide office, a contributor shall not  
22 give and an exploratory committee, a candidate or a candidate's committee  
23 shall not accept contributions of more than:  
24          1. One thousand ten dollars from an individual.  
25          2. One thousand ten dollars from a single political committee,  
26 excluding a political party, not certified under subsection G of this section  
27 to make contributions at the higher limits prescribed by subsection A,  
28 paragraph 5 of this section and paragraph 3 of this subsection.  
29          3. Five thousand ten dollars from a single political committee  
30 excluding political parties certified pursuant to subsection G of this  
31 section.  
32          C. A candidate shall not accept contributions from all political  
33 committees, excluding political parties, combined totaling more than:  
34          1. For an election for a legislative office, sixteen thousand one  
35 hundred fifty dollars.  
36          2. For an office other than a legislative office or a statewide  
37 office, ten thousand twenty dollars.  
38          3. For a statewide office, one hundred thousand one hundred ten  
39 dollars.  
40          D. A nominee of a political party shall not accept contributions from  
41 all political parties or political organizations combined totaling more than  
42 ten thousand twenty dollars for an election for an office other than a  
43 statewide office, and one hundred thousand one hundred ten dollars for an  
44 election for a statewide office.

1           E. An individual shall not make contributions totaling more than five  
2 thousand six hundred ten dollars in a calendar year to state and local  
3 candidates and political committees contributing to state or local  
4 candidates. Contributions to political parties and contributions to  
5 independent expenditure committees are exempt from the limitations of this  
6 subsection.

7           F. A candidate's campaign committee or an individual's exploratory  
8 committee shall not make a loan and shall not transfer or contribute money to  
9 any other campaign or exploratory committee that is designated pursuant to  
10 this chapter or 2 United States Code section 431 except as follows:

11           1. An exploratory committee may transfer monies to a subsequent  
12 candidate's campaign committee of the individual designating the exploratory  
13 committee, subject to the limits of subsection B of this section.

14           2. A candidate's campaign committee may transfer or contribute monies  
15 to another campaign committee designated by the same candidate as follows:

16           (a) Subject to the contribution limits of this section, transfer or  
17 contribute monies from one committee to another if both committees have been  
18 designated for an election in the same year.

19           (b) Without application of the contribution limits of this section,  
20 transfer or contribute monies from one committee to another designated for an  
21 election in a subsequent year.

22           G. Only political committees that received monies from five hundred or  
23 more individuals in amounts of ten dollars or more in the ~~one~~ TWO year period  
24 immediately before application to the secretary of state for qualification as  
25 a political committee pursuant to this section may make contributions to  
26 candidates under subsection A, paragraph 5 of this section and subsection B,  
27 paragraph 3 of this section. The secretary of state shall obtain information  
28 necessary to make the determination that a committee meets the requirements  
29 of this subsection and shall provide written certification of the fact to the  
30 committee. A political committee certification is valid for ~~two~~ FOUR  
31 years. A candidate's campaign committee shall not accept a contribution  
32 pursuant to this subsection unless it is accompanied by a copy of the  
33 certification. All political committees that do not meet the requirements of  
34 this subsection are subject to the individual campaign contribution limits of  
35 subsection A, paragraphs 1 and 2 of this section and subsection B, paragraph  
36 1 of this section.

37           H. The secretary of state biennially shall adjust to the nearest ten  
38 dollars the amounts in subsections A through E of this section by the  
39 percentage change in the consumer price index and publish the new amounts for  
40 distribution to election officials, candidates and campaign committees. For  
41 the purposes of this subsection, "consumer price index" means the consumer  
42 price index for all urban consumers, United States city average, that is  
43 published by the United States department of labor, bureau of labor  
44 statistics.

1 I. The following specific limitations and procedures apply:

2 1. The limits of subsections A through E of this section apply to each  
3 election for any office or offices ~~which~~ THAT the candidate seeks.

4 2. The limits of subsections A, B and C of this section apply to the  
5 total contributions from all separate segregated funds established, as  
6 provided in section 16-920, by a corporation, labor organization, trade  
7 association, cooperative or corporation without capital stock.

8 3. A contribution by an unemancipated minor child shall be treated as  
9 a contribution by the child's custodial parent or parents for determining  
10 compliance with subsection A, paragraphs 1 and 2, subsection B, paragraph 1  
11 and subsection E of this section.

12 4. A contribution by an individual or a single political committee to  
13 two or more candidates in connection with a joint fund-raising effort shall  
14 be divided among the candidates in direct proportion to each candidate  
15 campaign committee's share of the expenses for the fund-raising effort.

16 5. A candidate shall sign and file with the candidate's nomination  
17 paper a statement that the candidate has read all applicable laws relating to  
18 campaign financing and reporting.

19 6. An individual or political committee shall not use economic  
20 influence to induce members of an organization to make contributions to a  
21 candidate, collect contributions from members of an organization for  
22 transmittal to a candidate, make payments to candidates for public  
23 appearances or services ~~which~~ THAT are ordinarily uncompensated or use any  
24 similar device to circumvent any of the limitations of this section.

25 J. A person who violates this section is subject to a civil penalty  
26 imposed as prescribed in section 16-924 of three times the amount of money  
27 that has been received, expended or promised in violation of this section or  
28 three times the value in money for an equivalent of money or other things of  
29 value that have been received, expended or promised in violation of this  
30 section.

31 K. Any qualified elector may file a sworn complaint with the attorney  
32 general or the county attorney of the county in which a violation of this  
33 section is believed to have occurred, and the attorney general or the county  
34 attorney shall investigate the complaint for possible action.

35 L. If the filing officer, attorney general or county attorney fails to  
36 institute an action within forty-five working days after receiving a  
37 complaint under subsection K of this section, the individual filing the  
38 complaint may bring a civil action in the individual's own name and at the  
39 individual's own expense, with the same effect as if brought by the filing  
40 officer, attorney general or county attorney. The individual shall execute a  
41 bond payable to the defendant if the individual fails to prosecute the action  
42 successfully. The court shall award to the prevailing party costs and  
43 reasonable attorney fees.

44 M. If a provision of this section or its application to any person or  
45 circumstance is held invalid, the invalidity does not affect other provisions

1 or applications of the section ~~which~~ THAT can be given effect without the  
2 invalid provision or application, and to this end the provisions of this  
3 section are severable.

4 N. The use of a candidate's personal monies, or the use of personal  
5 monies by an individual who designates an exploratory committee, is not  
6 subject to the limitations of this section.

7 Sec. 3. Section 16-912, Arizona Revised Statutes, is amended to read:

8 16-912. Candidates and independent expenditures; campaign  
9 literature and advertisement sponsors;  
10 identification; civil penalty

11 A. A political committee that makes an expenditure for campaign  
12 literature or advertisements that expressly advocate the election or defeat  
13 of any candidate or that make any solicitation of contributions to any  
14 political committee shall be registered pursuant to this chapter at the time  
15 of distribution, placement or solicitation and shall include on the  
16 literature or advertisement the words "paid for by" followed by the name of  
17 the committee that appears on its statement of organization or five hundred  
18 dollar exemption statement.

19 B. If the expenditure for the campaign literature or advertisements by  
20 a political committee is an independent expenditure, the political committee,  
21 in addition to the disclosures required by subsection A of this section,  
22 shall include on the literature or advertisement the names and telephone  
23 numbers of the three political committees making the largest contributions to  
24 the political committee making the independent expenditure. If an acronym is  
25 used to name any political committee outlined in this section, the name of  
26 any sponsoring organization of the political committee shall also be printed  
27 or spoken. For THE purposes of determining the three contributors to be  
28 disclosed, ~~ONLY the contributions of each political committee to the~~  
29 ~~political committee making the independent expenditure~~ MADE during the one  
30 CALENDAR year ~~period before the election being affected are aggregated~~ IN  
31 WHICH THE INDEPENDENT EXPENDITURE IS MADE SHALL BE CONSIDERED.

32 C. Subsection A of this section does not apply to bumper stickers,  
33 pins, buttons, pens and similar small items on which the statements required  
34 in subsection A of this section cannot be conveniently printed or to signs  
35 paid for by a candidate with campaign monies or by a candidate's campaign  
36 committee or to a solicitation of contributions by a separate segregated fund  
37 from those persons it may solicit pursuant to sections 16-920 and 16-921.

38 D. The disclosures required pursuant to this section shall be printed  
39 clearly and legibly in a conspicuous manner. ~~or,~~ THE DISCLOSURE STATEMENT  
40 SHALL INCLUDE THE WORDS "PAID FOR BY" FOLLOWED BY THE NAME OF THE ENTITY  
41 MAKING THE EXPENDITURE AND SHALL STATE THAT IT IS NOT AUTHORIZED BY ANY  
42 CANDIDATE OR CANDIDATE'S CAMPAIGN COMMITTEE. DISCLOSURE STATEMENTS SHALL  
43 ALSO COMPLY WITH THE FOLLOWING:

1           1. If the ~~advertisement~~ COMMUNICATION is broadcast on  
2 ~~a telecommunications system~~ RADIO, the disclosure shall be spoken AT THE END  
3 OF THE COMMUNICATION.

4           2. For printed material that is delivered or provided by hand or by  
5 mail, the disclosure shall be printed ~~in a font that is at least 3/32 inches~~  
6 ~~tall in dark type on light background surrounded by a dark box. For~~  
7 ~~communications that are~~ CLEARLY AND LEGIBLY IN A CONSPICUOUS MANNER.

8           3. IF THE COMMUNICATION IS broadcast on a telecommunications system,  
9 ~~or other medium that can provide a viewable disclosure and a spoken~~  
10 ~~disclosure, the disclosure may be made in printed format only and a spoken~~  
11 ~~disclosure is not required~~ THE FOLLOWING APPLY:

12           (a) THE DISCLOSURE SHALL BE BOTH WRITTEN AND SPOKEN AT THE END OF THE  
13 COMMUNICATION, EXCEPT THAT IF THE WRITTEN DISCLOSURE STATEMENT IS DISPLAYED  
14 FOR AT LEAST FIVE SECONDS OF A THIRTY SECOND COMMUNICATIONS BROADCAST OR TEN  
15 SECONDS OF A SIXTY SECOND COMMUNICATIONS BROADCAST, A SPOKEN DISCLOSURE  
16 STATEMENT IS NOT REQUIRED.

17           (b) THE WRITTEN DISCLOSURE STATEMENT SHALL BE PRINTED IN LETTERS THAT  
18 ARE DISPLAYED IN A HEIGHT THAT IS EQUAL TO OR GREATER THAN FOUR PER CENT OF  
19 THE VERTICAL PICTURE HEIGHT.

20           E. A person who violates this section is subject to a civil penalty of  
21 up to three times the cost of producing and distributing the literature or  
22 advertisement. This civil penalty shall be imposed as prescribed in section  
23 16-924.

24           Sec. 4. Section 16-912.01, Arizona Revised Statutes, is amended to  
25 read:

26           16-912.01. Ballot measure committees; campaign literature and  
27 advertising funding; identification; disclosure;  
28 civil penalty; definition

29           A. A political committee that makes an expenditure in connection with  
30 any literature or advertisement to support or oppose a ballot proposition  
31 shall disclose and, after November 2, 2010, shall include on the literature  
32 or advertisement the words "paid for by", followed by the name of the  
33 committee that appears on its statement of organization or five hundred  
34 dollar threshold exemption statement, and shall also include in such  
35 literature or advertisement the four largest of its major funding sources as  
36 of the time the literature or advertisement is printed, recorded or otherwise  
37 produced for dissemination. If a political committee has fewer than four  
38 major funding sources, the committee shall disclose all major funding  
39 sources.

40           B. For the purposes of this section, a major funding source of a  
41 political committee is any contributor that is not an individual person and  
42 that has made cumulative contributions of either:

43           1. Ten thousand dollars or more for an expenditure in support of or  
44 opposition to a statewide ballot proposition or a ballot proposition of a

1 political subdivision with a population of one hundred thousand persons or  
2 more.

3 2. Five thousand dollars or more for an expenditure in support of or  
4 opposition to a ballot proposition of a political subdivision with a  
5 population of less than one hundred thousand persons.

6 C. If an out-of-state contributor or group of out-of-state  
7 contributors is a major funding source to a political committee disclosed  
8 pursuant to subsection A, the political committee shall state the contributor  
9 is an out-of-state contributor on its literature or advertisement in support  
10 of or in opposition to a ballot proposition.

11 D. Contributors that make contributions to more than one political  
12 committee that supports or opposes the same ballot proposition shall notify  
13 each political committee of the cumulative total of these contributions.  
14 Cumulative totals must be disclosed by each political committee that received  
15 contributions from the same contributor if the cumulative totals qualify as a  
16 major funding source to be disclosed pursuant to subsection A.

17 E. Any disclosure statement required by this section shall be printed  
18 clearly and legibly in a conspicuous manner ~~in type at least as large as the~~  
19 ~~majority of the printed text.~~ For printed material that is delivered or  
20 provided by hand or by mail, the disclosure shall be printed ~~in a font that~~  
21 ~~is at least 3/32 inches tall in dark type on light background surrounded by a~~  
22 ~~dark box~~ IN A CLEARLY LEGIBLE MANNER. THE DISCLOSURE STATEMENT SHALL INCLUDE  
23 THE WORDS "PAID FOR BY" FOLLOWED BY THE NAME OF THE ENTITY MAKING THE  
24 EXPENDITURE. DISCLOSURE STATEMENTS SHALL ALSO COMPLY WITH THE FOLLOWING:

25 1. If the communication is broadcast on radio, the ~~information~~  
26 DISCLOSURE shall be spoken at the end of the communication.

27 2. If the communication is broadcast on a telecommunications system,  
28 THE FOLLOWING APPLY:

29 (a) The ~~information~~ DISCLOSURE shall be both written and spoken at the  
30 end of the communication, except that if the WRITTEN disclosure statement is  
31 ~~written~~ DISPLAYED for at least five seconds of a thirty second ~~advertisement~~  
32 COMMUNICATIONS broadcast or ten seconds of a sixty second ~~advertisement~~  
33 COMMUNICATIONS broadcast, a spoken disclosure statement is not required.

34 (b) ~~If the communication is broadcast on a telecommunications system,~~  
35 The written disclosure statement shall be printed in letters THAT ARE  
36 DISPLAYED IN A HEIGHT equal to or ~~larger~~ GREATER than four per cent of the  
37 vertical picture height.

38 F. Subsection A does not apply to bumper stickers, pins, buttons, pens  
39 and similar small items on which the statements required in subsection A  
40 cannot be conveniently printed or to a communication by an organization  
41 solely to its members.

42 G. A committee shall change future literature and advertisements to  
43 reflect any change in funding sources that must be disclosed pursuant to  
44 subsection A.

1 H. This section only applies to advertisements the contents of which  
2 are more than fifty per cent devoted to one or more ballot propositions or  
3 proposed measures on the same subject.

4 I. Any committee that violates this section is liable in a civil  
5 action brought by the attorney general, county attorney or city or town  
6 attorney, as appropriate, or by any other person for a civil penalty of three  
7 times the total cost of the advertisement. A donor who does not accurately  
8 disclose its contributions is liable for a civil penalty of three times the  
9 amount donated.

10 J. For the purposes of this section, "advertisement" means general  
11 public advertising through the print and electronic media, signs, billboards  
12 and direct mail.

13 Sec. 5. Section 16-920, Arizona Revised Statutes, is amended to read:  
14 16-920. Permitted expenditures by corporations and labor  
15 organizations; federal law; definition

16 A. Expenditures for the following purposes ~~shall~~ ARE not ~~be construed~~  
17 ~~to be~~ political contributions prohibited by law:

18 1. Communications by a corporation to its stockholders and executive  
19 or administrative personnel and their families, or by a labor organization to  
20 its members and their families, on any subject.

21 2. Nonpartisan registration and get-out-the-vote campaigns by a  
22 corporation aimed at its stockholders and executive or administrative  
23 personnel and their families or by a labor organization aimed at its members  
24 and their families.

25 3. The establishment, administration and solicitation of voluntary  
26 contributions to a separate segregated fund to be ~~utilized~~ USED for political  
27 purposes by a corporation, labor organization, membership organization, trade  
28 association, cooperative or corporation without capital stock.

29 4. The establishment, administration and solicitation of voluntary  
30 contributions from employees of a corporation or limited liability company,  
31 including contributions made by payroll deduction, deposit or transfer or  
32 other similar method, and that are made directly to a separate segregated  
33 fund that is used for political purposes by a trade association of which the  
34 employing corporation or limited liability company is a member.  
35 Contributions received under this subsection shall be reported pursuant to  
36 section 16-915, subsection A, paragraph 2, subdivision (a) or subsection E.

37 5. Contributions for use to support or oppose an initiative or  
38 referendum measure or amendment to the constitution.

39 6. Independent expenditures and contributions to independent  
40 expenditure committees made pursuant to section 16-914.02.

41 B. A membership organization, trade association, cooperative or  
42 corporation without capital stock may engage in the activities permitted in  
43 subsection A, paragraphs 1 and 2 of this section if such activities are  
44 directed PRIMARILY toward its members, stockholders or members of its



1 members, its and its members' executive or administrative personnel and their  
2 families.

3 C. A PERSON MAY RELY ON THE FEDERAL ELECTION COMMISSION'S RULES,  
4 POLICY STATEMENTS, INTERPRETIVE RULES AND OTHER GUIDANCE IN INTERPRETING AND  
5 APPLYING 2 UNITED STATES CODE SECTION 441b(B)(2) IN INTERPRETING SUBSECTION  
6 A, PARAGRAPHS 1 THROUGH 4 OF THIS SECTION.

7 D. FOR THE PURPOSES OF THIS SECTION:

8 1. "EXECUTIVE OR ADMINISTRATIVE PERSONNEL" HAS THE SAME MEANING  
9 PRESCRIBED IN SECTION 16-921.

10 2. "LABOR ORGANIZATION" HAS THE SAME MEANING PRESCRIBED IN SECTION  
11 16-919.

12 Sec. 6. Section 16-921, Arizona Revised Statutes, is amended to read:

13 16-921. Unlawful contributions by corporations and labor  
14 organizations from a fund; procedures; definitions

15 A. It is unlawful under any fund established by a corporation or labor  
16 organization pursuant to section 16-920, subsection A, paragraph 3:

17 1. For such a fund to make a contribution or expenditure by ~~utilizing~~  
18 USING money or anything of value secured by physical force, job  
19 discrimination, financial reprisals or the threat of force, job  
20 discrimination or financial reprisal or by dues, fees or other monies  
21 required as a condition of membership in a labor organization or as a  
22 condition of employment or by monies obtained in any commercial transaction.

23 2. For any person soliciting an employee for a contribution to such a  
24 fund to fail to inform such employee of the political purposes of such fund  
25 at the time of such solicitation.

26 3. For any person soliciting an employee for a contribution to such a  
27 fund to fail to inform such employee, at the time of such solicitation, of  
28 ~~his~~ THE EMPLOYEE'S right to refuse to so contribute without any reprisal.

29 B. Except as provided in subsections C, D and E of this section it is  
30 unlawful for a corporation, or a separate segregated fund established by a  
31 corporation, to solicit contributions to such a fund from any person other  
32 than the stockholders of the corporation and their families, the executive or  
33 administrative personnel of the corporation and their families, THE RETIREES  
34 OF THE CORPORATION AND THEIR FAMILIES and the executive or administrative  
35 personnel OR RETIREES of the corporation's subsidiaries, branches, divisions  
36 and affiliates and their families, and for a labor organization, or a  
37 separate segregated fund established by a labor organization, to solicit  
38 contributions to such a fund from any person other than its members and their  
39 families.

40 C. A corporation or a separate segregated fund established by such  
41 corporation may make no more than two written solicitations for contributions  
42 during the calendar year from any employee who is not a stockholder or  
43 executive or administrative personnel of such corporation, or of such  
44 corporation's subsidiaries, branches, divisions and affiliates, or the  
45 families of such employees. A solicitation under this subsection may be made



1 only by mail addressed to employees who are not stockholders or executive or  
2 administrative personnel at their residence.

3 D. An insurer that is licensed in this state or a separate segregated  
4 fund established by such insurer may make written solicitations for  
5 contributions during the calendar year from persons who are licensed  
6 insurance producers and with whom it has a contract to produce insurance  
7 business, and those persons' families. Those solicitations are lawful only  
8 if the insurance producer has an exclusive contract with the insurer. This  
9 subsection does not change an insurance producer's status as an independent  
10 contractor.

11 E. A labor organization or a separate segregated fund established by  
12 such labor organization may make no more than two written solicitations for  
13 contributions during the calendar year from any stockholder, executive or  
14 administrative personnel or employee of a corporation who is not a union  
15 member, or the families of such persons, if such labor organization  
16 represents members working for such corporation. A solicitation under this  
17 subsection may be made only by mail addressed to such stockholders, executive  
18 or administrative personnel or employees who are not union members at their  
19 residences.

20 F. This section shall not prevent a membership organization,  
21 cooperative or corporation without capital stock, or a separate segregated  
22 fund established by a membership organization, cooperative or corporation  
23 without capital stock, from soliciting contributions to such a fund from  
24 members of such organization, cooperative or corporation without capital  
25 stock.

26 G. This section shall not prevent a trade association, or a separate  
27 segregated fund established by a trade association, from soliciting  
28 contributions from the stockholders and executive or administrative personnel  
29 of the member corporations of such trade association and the families of such  
30 stockholders or personnel.

31 H. Notwithstanding any ~~provision of~~ law to the contrary, any method of  
32 soliciting voluntary contributions or of facilitating the making of voluntary  
33 contributions to a separate segregated fund established by a corporation,  
34 permitted by law to corporations with regard to stockholders and executive or  
35 administrative personnel, shall also be permitted to labor organizations with  
36 regard to their members.

37 I. Any corporation, including its subsidiaries, branches, divisions  
38 and affiliates, that ~~utilizes~~ **USES** a method of soliciting voluntary  
39 contributions or facilitating the making of voluntary contributions shall  
40 make available such method, on written request and at a cost sufficient only  
41 to reimburse the corporation for the expenses incurred thereby, to a labor  
42 organization representing any members working for such corporation and its  
43 subsidiaries, branches, divisions and affiliates.

1 J. For the purposes of this section:

2 1. "Affiliate" means any organization that controls, is controlled by  
3 or is under common control with the corporation.

4 2. "Control" means to possess, directly or indirectly, the power to  
5 direct, or cause the direction of, the management or policies of another  
6 organization, whether through the ability to exercise voting power, by  
7 ownership or contract, or otherwise.

8 3. "Exclusive contract" means either:

9 (a) An insurance producer's contract with an insurer that prohibits  
10 the producer from soliciting insurance business for any other insurer.

11 (b) An insurance producer's contract with an insurer that requires a  
12 first right of refusal on all lines of insurance business written by the  
13 insurer and solicited by the producer.

14 4. "Executive or administrative personnel" means individuals who are  
15 employed by a corporation and who are paid on a salary, rather than hourly,  
16 basis and who have policymaking, managerial, professional or supervisory  
17 responsibilities.

18 5. "Insurance producer" has the same meaning prescribed in section  
19 20-281.