

State of Arizona
Senate
Fifty-first Legislature
First Regular Session
2013

SENATE BILL 1262

AN ACT

AMENDING SECTIONS 16-901, 16-905, 16-912, 16-912.01 AND 16-914.02, 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 **SUPPORTING OR OPPOSING THE CIRCULATION OF A**
25 **PETITION FOR** the recall of a public officer and:

26 (a) Includes all of the following:

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

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

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

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

44 (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
45 committeeman and other than a federal office AND, FOR A RECALL ELECTION,

1 INCLUDES SUPPORTING OR OPPOSING THE CIRCULATION OF A RECALL PETITION BEFORE A
2 RECALL ELECTION IS CALLED. For THE purposes of sections 16-903 and 16-905,
3 the general election includes the primary election.

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

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

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

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

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

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

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

43 10. "Family contribution" means any contribution that is provided to a
44 candidate's campaign committee by a parent, grandparent, spouse, child or
45 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.

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

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

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

40 (d) The expenditure is based on information about the candidate's
41 plans, projects or needs, or those of his campaign committee, provided to the
42 expending person by the candidate or by the candidate's agents or any
43 officer, member or employee of the candidate's campaign committee with a view
44 toward having the expenditure made.

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

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

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

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

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

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

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

23 (d) Family contributions.

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

41 (a) A candidate's campaign committee.

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

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

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

6 (e) A political party.

7 (f) A committee organized for the purpose of making independent
8 expenditures.

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

11 (h) A political organization.

12 (i) An exploratory committee.

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

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

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

24 23. "Standing political committee" means a political committee that
25 satisfies all of the following:

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

28 (b) Files a statement of organization as prescribed by section
29 16-902.01, subsection E.

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

32 (i) A separate, segregated fund.

33 (ii) A political party.

34 (iii) A committee organized for the purpose of making independent
35 expenditures.

36 (iv) A political organization.

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

40 25. "Surplus monies" means those monies of a political committee
41 remaining after all of the committee's expenditures have been made and its
42 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 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 years. A
31 candidate's campaign committee shall not accept a contribution pursuant to
32 this subsection unless it is accompanied by a copy of the certification. All
33 political committees that do not meet the requirements of this subsection are
34 subject to the individual campaign contribution limits of subsection A,
35 paragraphs 1 and 2 of this section and subsection B, paragraph 1 of this
36 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.

45 I. The following specific limitations and procedures apply:

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

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

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

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

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

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

24 7. FOR A RECALL ELECTION, INCLUDING THE PERIOD DURING WHICH A RECALL
25 PETITION IS CIRCULATED, THE LIMITS OF SUBSECTIONS A, B, C AND D OF THIS
26 SECTION APPLY TO CONTRIBUTIONS MADE AND RECEIVED FOR THE RECALL ELECTION, AND
27 CONSTITUTE A SEPARATE ELECTION WITH SEPARATE LIMITS THAN ANY NON-RECALL
28 ELECTION CAMPAIGN OF THE OFFICER WHO IS SUBJECT TO THE RECALL.

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

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

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

1 successfully. The court shall award to the prevailing party costs and
2 reasonable attorney fees.

3 M. If a provision of this section or its application to any person or
4 circumstance is held invalid, the invalidity does not affect other provisions
5 or applications of the section ~~which~~ THAT can be given effect without the
6 invalid provision or application, and to this end the provisions of this
7 section are severable.

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

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

12 16-912. Candidates and independent expenditures; campaign
13 literature and advertisement sponsors;
14 identification; civil penalty

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

23 B. If the expenditure for the campaign literature or advertisements by
24 a political committee is an independent expenditure, the political committee,
25 in addition to the disclosures required by subsection A of this section,
26 shall include on the literature or advertisement the names and telephone
27 numbers of the three political committees making the largest contributions to
28 the political committee making the independent expenditure. If an acronym is
29 used to name any political committee outlined in this section, the name of
30 any sponsoring organization of the political committee shall also be printed
31 or spoken. For purposes of determining the three contributors to be
32 disclosed, the contributions of each political committee to the political
33 committee making the independent expenditure during the one year period
34 before the election being affected are aggregated.

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

41 D. The disclosures required pursuant to this section shall be printed
42 clearly and legibly in a conspicuous manner or, if the advertisement is
43 broadcast on a telecommunications system, the disclosure shall be spoken.
44 For printed material that is delivered or provided by hand or by mail, the
45 disclosure shall be printed in a font that is at least 3/32 inches tall in

1 dark type on light background surrounded by a dark box. For communications
2 that are broadcast on a telecommunications system or other medium that can
3 provide a viewable disclosure and a spoken disclosure, the disclosure may be
4 made in printed format only and a spoken disclosure is not required.

5 E. A person who violates this section is subject to a civil penalty of
6 up to three times the cost of producing and distributing the literature or
7 advertisement. This civil penalty shall be imposed as prescribed in section
8 16-924.

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

11 16-912.01. Ballot measure committees; campaign literature and
12 advertising funding; identification; disclosure;
13 civil penalty; definition

14 A. A political committee that makes an expenditure in connection with
15 any literature or advertisement to support or oppose a ballot proposition
16 shall disclose and, after November 2, 2010, shall include on the literature
17 or advertisement the words "paid for by", followed by the name **AND MAILING**
18 **ADDRESS** of the committee that appears on its statement of organization or
19 five hundred dollar threshold exemption statement, and shall also include in
20 such literature or advertisement the four largest of its major funding
21 sources as of the time the literature or advertisement is printed, recorded
22 or otherwise produced for dissemination. If a political committee has fewer
23 than four major funding sources, the committee shall disclose all major
24 funding sources.

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

28 1. Ten thousand dollars or more for an expenditure in support of or
29 opposition to a statewide ballot proposition or a ballot proposition of a
30 political subdivision with a population of one hundred thousand persons or
31 more.

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

35 C. If an out-of-state contributor or group of out-of-state
36 contributors is a major funding source to a political committee disclosed
37 pursuant to subsection A, the political committee shall state the contributor
38 is an out-of-state contributor on its literature or advertisement in support
39 of or in opposition to a ballot proposition.

40 D. Contributors that make contributions to more than one political
41 committee that supports or opposes the same ballot proposition shall notify
42 each political committee of the cumulative total of these contributions.
43 Cumulative totals must be disclosed by each political committee that received
44 contributions from the same contributor if the cumulative totals qualify as a
45 major funding source to be disclosed pursuant to subsection A.

1 E. Any disclosure statement required by this section shall be printed
2 clearly and legibly in a conspicuous manner in type at least as large as the
3 majority of the printed text. For printed material that is delivered or
4 provided by hand or by mail, the disclosure shall be printed in a font that
5 is at least 3/32 inches tall in dark type on light background surrounded by a
6 dark box. If the communication is broadcast on radio, the information shall
7 be spoken at the end of the communication. If the communication is broadcast
8 on a telecommunications system, the information shall be both written and
9 spoken at the end of the communication, except that if the disclosure
10 statement is written for at least five seconds of a thirty second
11 advertisement broadcast or ten seconds of a sixty second advertisement
12 broadcast, a spoken disclosure statement is not required. If the
13 communication is broadcast on a telecommunications system, the written
14 disclosure statement shall be printed in letters equal to or larger than four
15 per cent of the vertical picture height.

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

20 G. A committee shall change future literature and advertisements to
21 reflect any change in funding sources that must be disclosed pursuant to
22 subsection A.

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

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

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

35 Sec. 5. Section 16-914.02, Arizona Revised Statutes, is amended to
36 read:

37 16-914.02. Reporting independent expenditures of corporations,
38 limited liability companies and labor
39 organizations; statement; disclaimer and
40 disclosure; civil action; civil penalty;
41 violation; classification; definitions

42 A. Any corporation, limited liability company or labor organization
43 that makes cumulative independent expenditures in an attempt to influence the
44 outcome of a candidate election and in at least the following amounts in an
45 election cycle shall register and notify the appropriate filing officer not

1 later than one day after making that expenditure, excluding Saturdays,
2 Sundays and other legal holidays:

3 1. An aggregate of five thousand dollars or more in one or more
4 statewide races.

5 2. An aggregate of two thousand five hundred dollars or more in one or
6 more legislative races.

7 3. One thousand dollars or more in one or more county, city, town or
8 other local races if the one thousand dollars is aggregated in races in a
9 single county, city, town or other local jurisdiction.

10 B. The secretary of state is the filing officer for registrations and
11 notifications for independent expenditures in statewide and legislative
12 elections. City, town or county filing officers are the filing officers for
13 notifications in a city, town, county or other local election as provided in
14 section 16-916. The corporation, limited liability company or labor
15 organization also shall notify the filing officer within the same time limit
16 prescribed in subsection A of this section of each additional accumulation of
17 expenditures that exceeds the threshold amount prescribed in subsection A of
18 this section but is not required to register again during that election cycle
19 after the initial registration. A corporation, limited liability company or
20 labor organization may register with the filing officer and provide a
21 notarized, sworn statement of authority in advance of the expenditure in
22 anticipation of making an independent expenditure. The secretary of state
23 shall provide for electronic filing for registrations and notifications and
24 shall provide for website access to the information for the public. Filings
25 at the secretary of state's office shall be in the form prescribed by the
26 secretary of state. Other filing officers shall prescribe the format for
27 filing registrations and notifications and shall provide for public access to
28 that information. On or after November 27, 2012 and at the request of the
29 local election filing officer, the secretary of state may provide for
30 electronic filing pursuant to this section for local elections.

31 C. The registration shall include all of the following:

32 1. The name and address of the corporation, limited liability company
33 or labor organization.

34 2. The name, title, electronic mail address and telephone number of
35 the person authorizing the independent expenditure.

36 D. Each notification shall include all of the following:

37 1. The name and address of the corporation, limited liability company
38 or labor organization making the independent expenditure.

39 2. The amount of the expenditure and the name of the vendor or other
40 payee receiving the expenditure.

41 3. The name of the candidate and race in which the expenditure was
42 made and whether the expenditure was in support of or opposition to the
43 candidate.

44 4. The communication medium and description of what was purchased with
45 the expenditure.

1 5. The date of the expenditure.

2 E. If the corporation, limited liability company or labor organization
3 did not register and provide a notarized sworn statement in advance of the
4 expenditure as prescribed by this section, the corporation, limited liability
5 company or labor organization shall file with the secretary of state or other
6 appropriate filing officer within five days after an initial threshold
7 expenditure as prescribed in subsection A of this section a notarized sworn
8 statement that the person, agent or officer filing the registration and
9 notice had authority to make that expenditure on behalf of the corporation,
10 limited liability company or labor organization. Until the secretary of
11 state or other filing officer receives the notarized sworn statement, the
12 filing officer shall categorize the notification as unverified. If the
13 secretary of state or other filing officer does not receive the notarized
14 sworn statement within the required five day time frame, the notification
15 shall be categorized as both unverified and delinquent. The filing officer
16 shall make reasonable efforts to contact the entity that made the expenditure
17 and remove the notification from public view within a reasonable time if
18 unable to verify that the entity made the expenditure and all penalties
19 prescribed in this section apply.

20 F. Any literature or advertisement that is purchased with monies from
21 a corporation, limited liability company or labor organization making an
22 independent expenditure in an attempt to influence the outcome of a candidate
23 election shall disclose the name of the corporation, limited liability
24 company or labor organization making the expenditure. Any disclosure
25 statement required by this section shall be printed clearly and legibly in a
26 conspicuous manner. If the communication is broadcast on radio, the
27 information shall be spoken at the end of the communication. If the
28 communication is broadcast on a telecommunications system, the information
29 shall be both written and spoken at the end of the communication, except that
30 if the disclosure statement is written for at least five seconds of a thirty
31 second advertisement broadcast or ten seconds of a sixty second advertisement
32 broadcast, a spoken disclosure statement is not required. If the
33 communication is broadcast on a telecommunications system, the written
34 disclosure statement shall be printed in letters equal to or larger than four
35 per cent of the vertical picture height. The literature or advertisement
36 shall include the words "paid for by" in the disclosure followed by the name
37 AND MAILING ADDRESS of the entity making the expenditure and shall also state
38 that it is not authorized by any candidate or candidate's campaign committee.

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

43 H. Any corporation, limited liability company or labor organization
44 that fails to register, notify or disclose as required by this section is
45 liable in a civil action pursuant to section 16-924 brought by the attorney

1 general, county attorney or city or town attorney, as appropriate, for a
2 civil penalty of up to three times the total amount of the expenditure.

3 I. Any person who makes a knowingly false filing relating to an
4 independent expenditure pursuant to this section is guilty of a class 1
5 misdemeanor.

6 J. For violations that occur before November 27, 2012, a reasonable
7 cause determination for a violation of this section may only be made by the
8 secretary of state's office and not by any other filing officer. On or after
9 November 27, 2012, the local election jurisdiction and filing officers may
10 make their own reasonable cause determinations for violations of this section
11 or may elect to continue to have the office of the secretary of state make
12 those reasonable cause determinations on their behalf. A civil or criminal
13 enforcement action may not be filed until after the issuance of a reasonable
14 cause determination.

15 K. Any entity that makes an independent expenditure and that is
16 organized primarily for the purpose of influencing an election and that is a
17 combination of corporations, limited liability companies or labor
18 organizations or that is a corporation, limited liability company or labor
19 organization that accepts donations or contributions shall file with the
20 filing officer as a political committee as otherwise provided by law.

21 L. For the purposes of this section, an expenditure occurs on the date
22 on which literature or advertisements are deposited at the post office for
23 mailing, submitted to a communications system for broadcast or submitted to a
24 newspaper or similar print medium for printing and, with respect to an
25 expenditure for signs, the date on which a sign is first posted.

26 M. For the purposes of this section:

27 1. "Independent expenditure" has the same meaning prescribed in
28 section 16-901, except that it is made by a corporation, a limited liability
29 company or a labor organization and except as prescribed in subsection L of
30 this section.

31 2. "Local election" means an election in a county, city, town, school
32 district or special district.